

Pound up 6.3 cents after Government authorizes free float

The pound rose 6.3 cents against the dollar yesterday to close at \$1.8405, its highest level since May of last year. The improvement came after the Government ended its policy of holding down the pound and allowed it to rise freely on the foreign exchange markets. The free floating pound is expected to lead to lower inflation at home but could have the effect of slowing the growth of exports.

Highest rate since May last year

By David Blake
Economics Correspondent

The Government yesterday ended its policy of holding down the pound and allowed it to rise freely on the foreign exchange markets. At the end of business in London it stood \$1.8405, up 6.3 cents on today's parity, with an effective rate of 64.6 per cent of its value in December, 1971.

Sterling has appreciated by about 15 per cent since its low point in October of last year and stands at its highest level since May last year. The new policy is likely to be lower inflation or slower growth of exports. The decision to allow sterling to rise seems to have been taken by the Chancellor and the Prime Minister last Friday in response to heavy inflows of foreign money into London. The new policy of non-intervention was first applied yesterday in the Far East, where sterling rose to \$1.80 or thereabouts, but the authorities were not intervening. No new peg has been announced.

In hectic New York trading, the pound ended last night at \$1.8405, compared with Friday's close of \$1.7777-80. The official announcement came yesterday morning and it was clear that the Government's action is designed to protect its targets for restricting the growth of the money supply in Britain.

These targets limit the growth of sterling M3, as the most commonly used measure of money supply is called, to 13 per cent at most during this financial year. The Treasury, commenting on recent inflows of funds, said: "A continuance of these inflows on a large scale could now endanger continued adherence to these targets." The last published figures for the money supply, covering the period ending at the end of September, showed an annual rate of 12.9 per cent during the period to mid-September, and internal Treasury studies show that it would have gone significantly above the top end of the permitted 9 to 13 per cent range had action not been taken to restrict inflows of foreign funds. The Bank of England sells pounds to hold down the sterling rate. So far this year the authorities are believed to have spent about \$10,000m holding

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The pound steady, which has shown up in a big growth of foreign currency in the reserves.

The new policy means the abandonment of the promise in the letter of intent to the International Monetary Fund to achieve stability and competitiveness in the pound's rate. It will make imports cheaper and exports dearer.

In the short run that should boost the expected surplus on the balance of payments, but over a longer period it will make exports either more expensive or less profitable, thus cutting down the volume of sales overseas.

If the pound stays up in the foreign exchange markets the Government will have to worsen its already pessimistic estimates for the growth in exports and imports next year.

The decision will, however, tend to reduce the inflation rate. Treasury calculations suggest that a 5 per cent increase in the value of sterling would lead to a 1.1 per cent lowering of the rate of retail price inflation over the coming year.

Pressure on the Government to allow sterling to rise was building throughout the summer. Reaction yesterday was mixed, however. The Financial Times index of ordinary shares fell 3.8 points to 305.5. Long-dated government stocks advanced, but there was a decline in short-term rates. The Confederation of British Industry criticized the Government's action, saying that it would lead to a loss of competitiveness in the pound. It also said that the Government's action would lead to a loss of competitiveness in the pound. It also said that the Government's action would lead to a loss of competitiveness in the pound.

servative spokesman on Treasury affairs, told the Society of Conservative Lawyers in London last night that the decision to allow the pound to rise was just one more example of the adoption of Conservative economic policy recommendations that had been continually pressed on the Government. Sir Geoffrey Howe, QC, the shadow Chancellor, said: "This latest reversal of government policy is in line with the advice which we have been giving them for many months. 'It underlines the need for much more substantial relaxations in exchange control than those which the Chancellor announced last week.'"

He said relaxations of exchange controls would boost overseas investment and increase opportunities to improve Britain's visible exports. Relaxation would also prevent the pound from rising artificially high and damaging the competitiveness of our exports.

Mr Enoch Powell, Ulster Unionist MP for Down, South, commented: "I am glad that the advice which I have been giving over recent weeks has been heeded, especially as some £3,000m of public money has been spent in the last two months alone in order to buy unwanted foreign currency in the course of keeping down the exchange rate of the pound."

He went on: "This was a terribly inflationary factor and I am glad that the Government has decided to put an end to it."

Mr John Pardon, the Liberal Party spokesman on economic affairs, said: "The Liberal Party has been in favour of floating sterling ever since 1967. We were the first party to call for a float and to believe it is the only way to deal with the external value of sterling."

Mr Ronald Thomas, MP for Bristol, North-west, said: "The Tribune report of the left-wing Labour MPs, welcomed the move. 'I have always insisted that what is essential was a devalued pound and devaluatory policies would assist British exports in the way suggested because most exporters, rather than reduce their prices overseas, have taken increased profits', he said."

On one of the few days when families can meet, a villager led his people to escape by boat Cambodia's horror seen through the eyes of two children

From Henry Kamm
Lansing, Thailand

If Hong An Kheng knew how to smile, he would look like most 12-year-old Cambodian boys used to look, but perhaps slier and older than his age. During a talk of more than two hours with the boy and his family, who smile at his drawn face and sad eyes, even when he talked volubly.

His 10-year-old sister, Hong Vooch Kuy, although she shared Kheng's experiences, has kept the easy Khmer smile, which is an enchanted foreign visitor's first sight. Three years ago, the communists completed their victory and made Cambodia perhaps the world's most isolated country. The experiences of Kheng and Kuy were harrowing but not unique, according to most accounts from the refugees who trickle out of Cambodia in steadily decreasing numbers. Their lives were similar to those that all surviving Cambodians live—men, women and children.

In two days of interviews with a family of nine Cambodians, including five children, who fled less than a month ago, in a picture emerged of a country carrying communist organization of all phases of life to extremes that may well be unprecedented. The growth of a society organized rigidly into separate groups of adult men, adult women, the elderly, children aged 6 to 15 years, and older children. This communal organization into work groups that live

together has weakened traditional family ties drastically, with families sharing a roof only in the periods in which their members' communal groups happen to be working in the same place.

All people over the age of six work; the elderly mainly in the villages, where their tasks include taking care of the young children; most of the adults and children within the general area of their villages; and the unmarried young people farthest away. They rarely see their families. The refugees told of a life so narrow in confines that they were largely unaware of the new shape of their country, its organization and its public pronouncements beyond their commune. They did not know of the Communist Party and

had no image of its leaders except for two names that the adults knew. They said their only rewards for long days of work were rice food twice a day in small quantities and an occasional piece of used clothing when their own fell off their backs. They spoke of living with neither doctors nor medicines, no schools, no money in circulation, no radio or any other communication between them and the government, which they suppose remains in Phnom Penh.

They told of grimness punctuated by daily deaths, of illness and hunger, and of violent punishment for minor transgressions. Their narratives, devastating when heard from adults, became appalling when they

issue from a boy of 12 and a girl of 10, speaking without adult prompting, reluctant at first and chillingly voluble later.

Kheng and Kuy recalled their lives since April, 1975. They now live in this squalid seaside camp where a thousand refugees, virtually all Vietnamese, who escaped from Indo-China by small boat, wait for other countries to offer them a haven. Their father, mother and younger brother, as well as their older sister and her husband and their two children, fled by rowing boat, rowing for seven nights and hiding in the jungle along the coast or on islands near by during the days. The trip was frightful, Kheng said, but he was not

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Captain Caroline Frost (left) and Ann Hardy, her copilot, at the controls of a British Air Ferries Handley Page Dart Herald at Düsseldorf yesterday. With two stewardesses they made up the first all-woman aircrew to land in West Germany.

Ministers look for pit pact today after Leyland men back pay deal

By Paul Routledge
Labour Editor

British Leyland car workers yesterday partly relieved the Government's anxiety over pay bargaining in the public sector with a big vote in favour of wage reforms. Ministers are looking for a similar encouragement from the miners this morning.

Leaders of the National Union of Mineworkers will announce the result of a secret ballot on a productivity deal designed to ease coalfield pay unrest, and the National Coal Board expects a small majority in favour. Taken together, the majority of nearly two to one to accept the Leyland wage package, the pit deal would give a considerable fillip to Cabinet hopes of holding the line on income policy this winter.

with good will and cooperation I believe we can now look forward to restoring confidence in the company."

The first test of that confidence will come when British Leyland puts its plan for economic recovery to the National Enterprise Board next week. Ship-ford acceptance of the move towards centralized bargaining and a 10 per cent pay rise is an important part of the state car company's prospects, which depends on a further £30m injection of public capital.

Leyland's offer, designed to reduce the present chaotic system of bargaining from 58 unions to one from November 1, 1979, concedes the full amount permissible under pay policy to all workers from today if the TUC and Government permit some plants to bring forward their anniversary date. It pledges negotiations on fringe benefits, incentive schemes and "parity" between plants.

The IGWU shop stewards whose opposition produced the substantial minority "No" vote, will now reconsider their attitude to the reforms. Mr Reg Parsons, transport union shop steward at a plant at Cowley, Oxford, said: "It is a question of two evils. I am opposed to a corporate bargaining but I would be the first to agree that considerable reforms are necessary."

Leyland itself is at stake, and there is no other way than this package, then I am almost compelled to agree with it." But he gave a warning that the shift away from plant bargaining contained many pitfalls that would be exploited by "aggressive boys and troublemakers."

While the troubled Leyland car division appears to be moving into more tranquil times, the slender majority expected for the change to productivity bargaining in the pits looks certain to raise fresh political controversy in the miners' union.

Will shows Sir Eric was bankrupt

By a Staff Reporter

Sir Eric Miller's will, published yesterday, shows that the former chairman of Peasey Properties apparently died bankrupt. He left £301,864 gross, net all. He had been a millionaire at the age of 34.

Sir Eric, aged 50, died in September. He was found shot in his garden in South Kensington. His business and financial affairs had been under increasing scrutiny, inquiries involving him and his Peasey career were being conducted by the police and the Department of Trade.

Sir Eric, a former solicitor, had been a partner in Peasey and Co, a company which had been a major shareholder in the Peasey Properties. He had been a partner in Peasey and Co, a company which had been a major shareholder in the Peasey Properties.

He had arranged to hide any assets before his death. "If he had had any money he would have used it to save face," he said. London Weekend Television's London Programme alleged on Sunday that no proper forensic tests had been carried out after Sir Eric's shooting.

Speed trials, cut cost, chief justice proposes

By Marcel Berlins
Legal Correspondent

More radical financial control is needed to shorten criminal trials conducted at public expense, Lord Widgery, the Lord Chief Justice, has told the Royal Commission on Legal Services.

The transcript of his oral evidence to the commission, given a few months ago, has been released, and in it he expressed his concern over trials "getting unhealthily longer". One suggestion floated by Lord Widgery was a predetermined fee for counsel acting in a legal aid case, rather than a daily rate.

An officer of the court would act as a referee to settle the salient features of the case, such as the number of witnesses and the estimated length, and a fee would be agreed. If it proved too little the barrister could come back for more, but he would have to show why he needed it.

Lord Widgery was asked by the commission to look into the possibility of introducing a pilot study incorporating his ideas, but it has since been learned that such a study is impracticable.

"When the bottomless pit of legal aid was substituted for the ordinary pay litigation we did not find it possible to include in the system any kind of control of the kind I think a commercial man would expect to have to exercise if his outgoings were £20m or £30m, which is the sort of legal aid price now for criminal cases," Lord Widgery said.

"I find it really inescapable that the increasing length of these trials is in some way connected with the greater freedom of the purse." There was "a general failure to observe the interests of economy, which is induced by the fact that there is nobody in the whole system who is interested in economy, nobody whose duty it is to consider economy, and no sort of financial control at all."

Instead of saying, in effect, that those representing a legally aided defendant: "You go right ahead and spend as much as you think right. It does not matter. We will write the cheque, whatever it is," you would have some kind of control, some kind of pressure, some kind of pressure.

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West vetoes S Africa sanctions

From David Cross
Washington, Oct 31

The United States, France and Britain today vetoed efforts by African countries in the United Nations to impose mandatory economic and arms embargoes against South Africa. The move gave the three Western powers the uncomfortable semblance of siding with white-ruled Pretoria against the black African states.

Today's vetoes against three resolutions tabled in the Security Council in New York followed some inept diplomacy by the United States administration during the past few days. When the United States announced its support for a mandatory arms embargo against South Africa at a press conference here last Thursday, President Carter gave the distinct impression that this would involve the immediate introduction of a permanent ban.

The next day, however, it emerged that any arms embargo would be of limited duration, largely, it appears, because of French and British wishes. This sudden change of tack clearly upset the black African states.

Today's Security Council deliberations on how to respond to South Africa's recent campaign to clamp down on black dissidents began two hours late after last-minute frantic efforts to find a compromise between Western nations and black African countries. Mr Rikhi Jajpal, the Indian President of the Council, said there had been a great deal of consulting in the corridors.

The black Africans wanted a permanent weapons embargo accompanied by a ban on investments in South Africa, while the furthest the United States and its allies would go was to limit investment in the country to be renewed if South Africa persisted with its present policies.

It appears that the African countries would have agreed to limit their censure of South Africa to an arms ban provided that this could be introduced on a permanent basis. But the Western refusal to concede this modification.

New York, Oct 31.—The Security Council immediately adjourned for consultations to seek a common course against the Pretoria Government. The vote was 10 for and five against each of three proposals that reflected a hardline course by Africans. But the five votes against included those of the United States, Britain and France, thus constituting a veto. The other two "no" votes were cast by Canada and West Germany.

The council approved unanimously a fourth, blandly worded resolution strongly condemning massive violence and killings as an outgrowth of apartheid.—UPI.

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Police take 10% but firemen's wage talks fail

Talks on the firemen's 30 per cent pay claim were adjourned until Thursday without settlement, but the Police Federation said it would recommend its 101,000 members in England and Wales to accept the Government's 10 per cent offer. Police leaders in Scotland and Northern Ireland followed suit. Talks at the Agricultural Wages Board aimed at settling new pay scales for farm workers ended without a new formula.

Workers of the Meriden Motorcycle Co-operative voted to end the equal-pay deal agreement which was introduced when the cooperative was formed in March, 1975. The men agreed unanimously to the introduction of a graded incentive scheme.

300 peace in sight

On stewards representing 3,000 strikers of the British Oxygen Company workers led by a narrow majority to recommend a return to work after a fresh offer. The strike is leaders a severe cut in industry, with 35,000 workers off throughout the country. If strike ended pay talks will reopen Thursday.

Lord Carver given the cold shoulder

Field Marshal Lord Carver was given the cold shoulder yesterday by Rhodesian guerrilla leaders. His talks as commissioner-designate with Mr Nkomo and Mr Mugabe, joint leaders of the Patriotic Front, lasted just over an hour. They were due to extend over two days. No date was set for a later meeting.

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Executions in China

At least 25 people have been executed for mainly political crimes in the south-western Chinese city of Kunming. The executions were the latest in a series in various parts of China since the downfall of the "gang of four".

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Jail threat lifted

A jail threat hanging over Mr Andrew Beran, the Labour Party's youth officer, has been lifted. A High Court judge ruled that he was not guilty of contempt of court over a legal ban on a meeting of the management committee of Newham, North-East, Labour Party.

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Bank girl's killing

A man accused of the murder of a girl bank clerk at Horn near Richmond upon Thames, had tried to hang himself before he eventually confessed to the killing, the prosecution said at the Central Criminal Court.

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Storms cut rail and road services

Gales and floods affected much of Britain, disrupting transport and damaging property. At one time all road links between England and Scotland were impassable except the A1, and railway lines were blocked. There were floods in Wales, and in Sussex houses were damaged. A gust of 70 knots was recorded in the Isle of Wight.

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Grandparents' right

Mr Robert Rhodes James, MP for Cambridge, who introduced a Bill into the Commons in July to enable grandparents to apply to a magistrate or county court for access to their grandchildren, says there are hundreds of such cases, amounting to a deficiency in family law.

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Wine survey

A consumer spending less than £2.50 on a bottle of wine has only an even chance of choosing anything palatable, according to a new guide.

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Bonn's German historian plans to meet the man he claims is the son of Hitler's Ottawa: Mr Trudeau retreats from the idea of a nationwide vote on the constitutional position of Quebec.

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Letters: On sanctions against South Africa, from Professor A. R. K. Gangaiah and others; on revaluation of the pound, from Lord Kaldor; and on the Turner bequest, from Sir Hugh Casson. Leading articles: The pound; Executions in China. Features, pages 10 and 14. Bernard Levin bubbles over at the French Open; and others: on a tournament at Palm Springs; Cricket: Christopher Chappell among four young players for Australia. Arts, page 17. Paul Ovey on the Turner art exhibition at the Tate Gallery; Stanley Reynolds on the New York City Ballet (NBC); concert notices by William Walton, John Chishall, Max Harrison and Paul Griffiths. Obituaries, page 16. Sir Jack Scamm. Sports, pages 9-10. Football: Much may return to Derby; Tennis: Rex Bellamy previews international women's tournament at Palm Springs; Cricket: Christopher Chappell among four young players for Australia. Business News, pages 19-25. Stock markets: Shares rallied from a weak start, and the FT index closed 3.8 down. Financial Editor: Gifts get the message: Profits, export margins will be squeezed; Stock Exchange: a challenge on commission. Business features: David Blake on the background to letting the pound float; Sir Victor: on plans for the forthcoming dot payout. Business Diary: Unravelling a spot of glamour for the Lord Mayor's Show.

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More power cuts are likely today

Most parts of Britain suffered power cuts yesterday, and the Electricity Council said last night that there would be more today.

Last night's blackouts came between 4.30 and 7.30 pm, the peak period when workers were returning home and meals were being prepared.

In London the electricity control centre reported that 15 per cent of the capital had been without power for periods of up to two hours. Long queues of traffic formed when street and traffic lights went out.

In Birmingham, the Fox and Goose public house, which had been without power for 27 months because of a drymen's dispute, was plunged into darkness as it reopened for business. The dispute had been resolved but the power cut lasted 27 minutes and without electricity there could be no ceremonial drawing of the first pint. Boiled beer was used instead.

After a house fire at Boasted, Kent, caused when a young boy tried to light candles during a power cut, the police warned parents not to let children play with fire.

The blackouts are the result of a work-to-rule by workers at 60 power stations in an unofficial dispute over fringe benefits.

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سنة ١٤٠٠ من الهجرة

HOME NEWS

Police take 10% pay rise but firemen's claim is unresolved

By Donald MacIntyre
Labour Staff

As policemen's representatives accepted the Government's 10 per cent pay offer, talks to settle claims by firemen and farm workers failed to reach agreement yesterday. Last night the Home Secretary joined union leaders and local authority negotiators in discussions on the firemen's 30 per cent pay claim. The talks failed to reach a settlement, and further discussions were arranged for Thursday. At yesterday's meeting local authority employers and Fire Brigades Union officials warned Mr Rees that there would be a serious threat to public safety if negotiations on firemen's pay broke down. The employers' side of the National Joint Council for Fire Brigades had offered the union a 10 per cent increase within the government guidelines, coupled with continuing discussions on firemen's pay, relative to other groups. The union's 30 per cent claim would take the basic gross pay of a qualified fireman to £35.71. Both the employers and the union, which is under pressure to out-pace strikes unless the pay demands are met, took the usual step of adjourning the talks to visit the Home Office to warn Mr Rees of the danger of a breakdown in negotiations.

List of buildings for disabled

A national register of buildings designed or adapted for disabled people is to be established by the Centre on Environment for the Handicapped (four Social Services Correspondent writes). The register is intended to be used by architects and planners. The centre, which seeks information about all kinds of buildings, expects to complete its survey in 1979.

Hospital ward picketed

Pickets outside Whittingham Hospital, Preston, yesterday advised union members not to enter a close observation ward after an attack on a night nurse. The unions, which say wards are understaffed, are demanding the removal from the hospital of a patient involved in an attack on Mr Thomas Read in the observation unit last month. Management members are caring for patients in the unit.

Outdated attitudes by authorities blamed for discord over nuclear power

From Pearce Wright
Science Editor
Whitby

A parallel was drawn at the Windscale inquiry yesterday between the growing dissatisfaction of the public over tower blocks of flats and the proposals to build a new plant for re-processing waste nuclear fuel. Presenting the final submission for the Windscale Research Group, Mr Peter Taylor suggested the present plan was seen by the developers as satisfying a particular need, but in the end the public could turn against it because it offended their most fundamental needs. Mr Taylor said that somewhere at the front of the mind of the public was the thought that the Windscale plant was a "dead body" and that it was a fact of life. In Europe, he said, a teacher had been killed because there had been too much fear of the bomb. "We in Britain at least, are not being pushed quite so hard," Mr Taylor added, "but much of the difficulty in the nuclear power debate lay in outdated attitudes and philosophies of

British Nuclear Fuels' management and the authorities and controlling authorities with responsibilities for public health and safety, such as the National Radiological Protection Board and the Nuclear Installations Inspectorate. The difficulty, in his opinion, arose because Windscale grew from a requirement for defence purposes. The building of plants for handling commercial nuclear materials was an extension of those philosophies in design. He believed that waste materials, particularly plutonium and americium, could be recycled rather than discarded, and expressed confidence in the design ability of British Nuclear Fuels to provide a safe and effective plant for reprocessing. The plutonium, he said, was dispersed to the sea, and showed management to be out of touch with modern environmental awareness. Indeed, more than that, there was a suspicion that whoever made those decisions realized that such an awareness existed but could not understand it, and indeed had no respect for it. He felt that that disregard for public concern was not just

Liberal call for four more Ulster MPs

By Our Political Correspondent

The injustice of Northern Ireland's under-representation in Parliament at Westminster must be rectified as quickly as possible, the Liberal Party states in its submission to the Speaker's Conference considering that question. Mr Clement Freud, MP for the Isle of Ely and the party's spokesman on Northern Ireland, and Mr Michael Stead, president-elect of the party, yesterday called for four more seats for the region. Northern Ireland's share of the total Westminster electorate entitles it to exactly 16 seats instead of the present 12. But the Liberals' proposition is likely to run into trouble. They propose that there should be a new four-member constituency, covering the whole of Northern Ireland, with an election on the single transferable vote system of proportional representation. That would be open to the criticism that for the present Parliament, at least, the electors of Northern Ireland would be having a second vote. It would also be seen as a first move leading to the adoption of proportional representation for the whole of the United Kingdom, a Liberal objective that has long been opposed by the two other main parties.

The people of Northern Ireland are used to this single transferable vote system, which is much fairer and more suitable to political conditions than first-past-the-post, they say. Within a few weeks of the new law being passed, a by-election should be held for the four new seats. Northern Ireland could have its fair share of seats at Westminster within six months. This would depend on the Speaker's Conference reporting quickly, and on the Government's support for legislation. In the present parliamentary situation it is not likely to be forthcoming.

Army says soldiers' living conditions in Belfast are being improved gradually

From Annabel Ferriman
Belfast

Army living conditions in Northern Ireland are comparable to some of the worst prisoner-of-war camps in the last war, Mr Airey Neave, opposition spokesman on Northern Ireland, said yesterday. He is seeking a meeting this week with Mr Mason, Secretary of State for Northern Ireland, and Mr Mulley, Secretary of State for Defence, to demand more accommodation to relieve overcrowding. "They have got to spend more money. The worst problem is overcrowding and the claustrophobic quarters. It is necessary to enlarge the space per man," he said. Mr Neave's remarks came after recent complaints of serious congestion and sub-standard accommodation. Army conditions in Belfast vary from spacious to squalid. The latest soldiers are billeted in the Grand Central Hotel, which, despite its name, retains the large rooms and wide staircases of its elegant past. The hotel was taken over by the Army in 1972 and 17 regiments have so far enjoyed such luxuries as a sauna bath, a gymnasium and squash courts. Each bedroom has a wash basin, and some have private bathrooms. In contrast, a crumbling Methodist mission hall and a converted public house provide cramped quarters for about 600 soldiers of 47 Field Regiment, Royal Artillery, in the Markets district. Men are cooped up in triple bunking, 12 to a room measure 15ft by 12ft in the former public house, while 30 sleep in the draughty mission hall. Beds are only two or three feet apart, allowing little room for personal belongings and much peace when trying to sleep. Battery Sergeant Major Paul Miller said the worst aspect was the lack of privacy. "I should like to sit down somewhere

quiet occasionally as everybody does, but you just cannot do it. People get on each other's nerves living on top of each other." Colds and contagious diseases are another worry, and strict rules of hygiene have to be observed to prevent their spread. One soldier with a cold had to be sent on outdoor duty to ensure that it did not go round the whole battery. Because of the mission hall's size it has to be cleaned every three hours. Only four lavatories and four showers are provided for the 60 men, and there is only one pay telephone for the 30 soldiers in the mission.

For such hours a lance bombardier in the battery, married with three children, earns just over £40, from which he has to pay £3.50 a week rent for his army accommodation at Colchester. Pay levels were producing a high attrition rate and a young army, because many of the experienced men were leaving, Sergeant Major Miller said. The Army said yesterday: "It is quite true that some

accommodation is bad, but only about 400 to 500 troops are in substandard accommodation. "There is a programme for improving accommodation in Belfast and people have been moved out of the smaller bases, which were very bad. We are very lucky in Northern Ireland because, almost without exception, we have got what we asked for in the way of money for accommodation or equipment from the Government. Where we can spend money to improve things we are doing so."



The Methodist mission hall that serves as a barracks in Belfast.

Judge lifts jail threat to Labour Party man

A jail threat hanging over Mr Andrew Bevan, the Labour Party's youth officer, was lifted by Mr Justice Peter Pain in the High Court yesterday. He ruled that Mr Bevan was not guilty of contempt of court over a legal ban on a meeting of the management committee of the Newham, North-east, Labour Party.

The judge told Mr Bevan that he was lucky and came out of the incident with no personal credit. The move to jail Mr Bevan and six others was brought by Mr Patrick Milson, a bus driver, who contended that they had defied a court injunction banning a meeting of the general management committee on September 28. Earlier the judge dismissed a contention that Mr Bevan had broken the injunction. The order served on him had been defective because it did not include a warning that he could be jailed for defying it, he said. Yesterday he rejected a second allegation, that Mr Bevan had incited others to break the others to do so. Since the hearing began four days ago, communal proceedings against three other defendants have been dismissed and the action against a fourth dropped. The case against two more is proceeding. The judge said it seemed to him that Mr Bevan had been giving a lead to people at the meeting in a way in which he should not have done. If the order served on him had not been defective Mr Bevan would have been hard put to resist a finding of contempt. But he continued: "There was no material on which one could be satisfied beyond reasonable doubt that he was guilty, not merely of trying to break the order but of inciting others to do so. Earlier the judge criticized Mr Milson over evidence he had given in court on September 28. He said: "He made the impression on me of someone who simply was not even trying to tell the truth." The judge expressed fears that the court was "being abused by being drawn into political activity". He said he would be comforted to know who was providing financial backing for the application to have Mr Bevan and others committed to prison. Mr Julia Lewis, a party steward, refused to reveal the identity of the people who had offered to pay the legal bill if the jailing attempt failed. Mr Lewis added that he was "one of the guiding spirits". He had assured Mr Milson that he would not find himself in a position of financial difficulties as a result of the action.

Changes urged in Acts to protect women

By Our Legal Correspondent

The sex discrimination and equal pay Acts should eventually be merged, but until then both are in urgent need of amendment, according to a report by the National Council for Civil Liberties, published today. It says that women, who have had difficulty in deciding which Act is applicable, need a general debate on the subject. The report proposes that the Sex Discrimination Act, which makes 35 detailed recommendations for amendment. One, on the Equal Pay Act, would remove the anomalous position of a woman who moves into a job recently vacated by a man and is paid less than he was, but cannot have the Act because the man is no longer there for comparison. On the Sex Discrimination Act, the report proposes that once an applicant has proved facts pointing to potential discrimination the burden of proof should shift to the employer to show that there had been none. The Equal Pay Act, which makes 35 detailed recommendations for amendment. One, on the Equal Pay Act, would remove the anomalous position of a woman who moves into a job recently vacated by a man and is paid less than he was, but cannot have the Act because the man is no longer there for comparison. On the Sex Discrimination Act, the report proposes that once an applicant has proved facts pointing to potential discrimination the burden of proof should shift to the employer to show that there had been none. The Equal Pay Act, which makes 35 detailed recommendations for amendment. One, on the Equal Pay Act, would remove the anomalous position of a woman who moves into a job recently vacated by a man and is paid less than he was, but cannot have the Act because the man is no longer there for comparison. On the Sex Discrimination Act, the report proposes that once an applicant has proved facts pointing to potential discrimination the burden of proof should shift to the employer to show that there had been none.

Tory resistance to devolution attacked

By Our Political Correspondent

Continued resistance by the Conservative Party to Scottish devolution was condemned by Mr Steel, the Liberal leader, in a speech at Giffnock, Scotland, last night. He said that though "missionary work" still had to be done among some doubting Labour MPs, the greatest resistance came from the Tories, who were rushing about wringing their hands, "requesting everyone to join in further and apparently fruitless discussions on the subject".

The time for debate and discussion had surely now been exhausted, Mr Steel said. "November 1977 will be the month in which the Westminster Parliament has its last chance to decide whether to provide Scotland with an acceptable form of internal self-government, or face the inevitable pressure to break up the United Kingdom," he said. He expected the second readings of the two new Bills for devolution of powers to Scotland and Wales, and the timetable motion on them, to be taken in the Commons within the month.

Mr Steel feared that some of the decisions to be taken would be wrong. "For example, the Government still refuses to discuss reducing Scottish representation at Westminster to bring it into line with the English after devolution," he said. "Instead of transferring the worst features of Westminster government to Scotland, we should instead be eager to establish new and more responsible patterns of democracy," he said.

5-day debate on Queen's speech

By Our Political Staff

The Queen's Speech, outlining the Government's programme for the next session, will be debated in the Commons on Thursday and Friday and for the first three days next week, it was announced yesterday (our Political Staff writes). Such a schedule has never before been used for the Queen's Speech. The debate on Thursday next week will be a general debate on the economy of Ways and Means resolutions and a Bill on the pensioners' tax-free £10 Christmas bonus will be before the House.

Writer challenges editor's prerogative

Mr C. Gordon Tether, the former Financial Times columnist, yesterday challenged the newspaper's assertion that as a matter of "custom and practice" the editor, Mr M. H. (Fredy) Fisher, had an absolute prerogative, which he could exercise in any way he chose. Mr Tether, whose allegation of unfair dismissal is being heard by a London industrial tribunal, agreed that the editor obviously had the power to

decide what should or should not go into the paper; his case was that that did not give him the right to engage in unreasonable behaviour without having to justify it. He did not accept that editors could, as a matter of custom and practice, change the terms of employment of their journalists for any reason whatsoever. They had to justify the reasonableness of what they had done in the same way as employers had to do in every other walk of life.

Mr Tether, who was dismissed 13 months ago and seeks reinstatement, was answering two questions from the tribunal chairman, Mr W. T. Wells, QC: whether he considered the editor to be the sole arbiter of what went into the Financial Times, and whether he considered that on a writer had gone on doing the same job for many years the editor was bound by contract to allow him to go on doing that job. The hearing continues today.

Rent defaulters 'should hand over benefits'

By Our Local Government

Tenants who refuse to pay their rent should be made to hand over unemployment, sickness and other benefits directly to their housing authority, the Association of District Councils has urged in a memorandum on the Government's recent consultation document on housing policy. It expresses regret that the Green Paper contains no legislative proposals on the growing problem of arrears, which has been a cause of concern to many housing authorities. Where a tenant consistently

refuses to pay his rent, in appropriate cases unemployment, sickness, and other benefits should be paid directly to the housing authority by agreement with the Department of Health and Social Security. Such arrangements exist for supplementary benefits and could be extended. The power to make attachment of earnings orders should also be extended to cover rent payments. On council housing provision generally, the association says that tenants, ratepayers and taxpayers have received extremely good value for money from local authority management and maintenance.

Britain orders pout ban to protect white fish stocks

Britain has ordered a total ban on fishing for Norway pout in a 240-mile stretch of the North Sea to protect future breeding stocks of white fish. Mr Silkin, Minister of Agriculture, Fisheries and Food, failed at EEC talks last week to get agreement to extend the existing ban. He is now making an order outlawing, in a 90-mile-wide strip from the Orkney Islands south to the Moray Firth, small-mesh fishing for pout, which

is processed into fish meal. Fears for immature stocks of cod, haddock and whiting had arisen after the North Sea herring ban earlier this year, forcing the Danes, in particular, to switch to Norway pout. Because of the heavy concentration of fishing in what is known as the "pout box", large quantities of young white fish were being netted. After the order, any trawler in the area fishing the pout-size net faces prosecution.

Teenager drew knife on coloured man

A white teenager who was alleged to have pulled a knife on a coloured man at the carnival at London Hill, London, was remanded on bail at Marylebone Magistrates' Court yesterday.

Mr Roderick Romaine, the magistrate, was told there were only three known incidents of whites attacking blacks at the carnival. Stephen Jefferson, aged 18, an accounts clerk, of Birch Hill, Bracknell, Berkshire, was found guilty of having a knife on an offensive weapon. He was remanded on bail until November 28 for social inquiry reports. A black Post Office engineer found guilty of assaulting the police as they closed in on rioters was also remanded on bail. Deveran Sandiford, aged 26, of Dorset Road, Balham, was alleged to have lashed out at a line of policemen with riot shields. A coloured youth who was alleged to have brandished a knife and shouted "Kill the pigs, kill them all" when he joined rioters who chased a police sergeant was remanded on bail also. Arvel Ford, aged 18, a storeman, of Pinnis Street, Bethnal Green, was found guilty of threatening behaviour and having a knife as an offensive weapon.

Long trials 'unsuited to jury system'

Continued from page 1
Some kind of interest being shown by a person whose job it was to say: "You are spending too much. Think again." The Lord Chief Justice felt that control of expenditure was needed more on the defence than on the prosecution side. He agreed, however, that another cause of protracted trials was that the prosecution tended to accuse too many defendants on too many charges. "It is very tempting, when they have a criminal enterprise uncovered with a large number of people involved in it to a greater or lesser extent, just to put a crawl in, pick up all the fish, big and small, and charge the lot."

That means that when the trial comes on you have a number of defence counsel who are literally sitting around for days doing nothing because their own client's interest is so small that they can be actively employed for only a very small percentage of the time. It should be possible to separate the trials of the big and little fish, taking the worst ones first. All those whose opinions are respected thought smaller trials would be a significant step towards speedier justice. Lord Widgery, who was joined in giving evidence to the commission by Mr Justice Ackner, Mr Justice Oliver, and Mr Justice Oliver, also referred

to the difficulty caused by long trials to jurors. "We are getting a significant number of these ultra-long trials which seem to me to involve such an expenditure of time and money that they are not really suitable for our system of trial by jury at all," he said. He was concerned about the fact that only certain limited classes of jurors could be picked for such trials: the single owner / businessman could not do it, nor could housewives with young children. "If we are not careful, we get a sort of professional juror class of those who have the time and the occasion to get away."

Today

Sun rises: 5.54 am. Sun sets: 6.34 pm. Moon sets: 8.42 pm. Last quarter: November 4. Lighting up: 5.4 pm to 6.25 am. High water: London Bridge, 4.38 am, 6.51 pm, 12.24 pm, 6.51 pm, 12.24 pm. (22.1 ft). Lowest water: 11.30 am, 11.30 pm, 5.45 pm, 5.45 pm. (19.8 ft). Dover, 1.23 am, 6.30 am, 12.24 pm, 6.51 pm, 12.24 pm. (22.1 ft). Hull, 6.44 am, 6.50 am, 12.24 pm, 6.51 pm, 12.24 pm. (22.1 ft). Lowest water: 1.43 am, 6.30 am, 12.24 pm, 6.51 pm, 12.24 pm. (22.1 ft). Lowest water: 1.43 am, 6.30 am, 12.24 pm, 6.51 pm, 12.24 pm. (22.1 ft).

Weather forecast and recordings

NOON TODAY Pressure is shown in millibars. Fronts Warm Cold Occluded. Wind direction and force are indicated. Rain or snow is indicated. Lake District, Isle of Man, Central N. Wales, SW Scotland, Glasgow, N. Ireland: Sunny intervals with rain or drizzle. Wind SW, moderate or fresh; max temp 9° to 11°C (48° to 52°F). Edinburgh: Drizzle, sunny intervals; wind SW, moderate or fresh; max temp 9° to 10°C (48° to 50°F). Moray Firth: Showers, sunny intervals; wind SW, moderate or fresh; max temp 9° to 10°C (48° to 50°F). Central Highlands, Argyll, NW Scotland: Bright intervals, showers occasionally heavy and windy; wind SW, fresh or strong; max temp 7° to 9°C (45° to 48°F). Orkney, Shetland: Bright intervals, showers occasionally heavy; wind SW, fresh or strong; max temp 7°C (45°F). Outlook for tomorrow and Thursday: Continuing unsettled, windy at times; temp about normal. Sea passages: 5 North Sea, Strait of Dover, English Channel (E), SW, SW, fresh or strong; sea moderate or rough.

November forecast

The meteorological Office yesterday issued the following forecast for November: "The month as a whole is likely to be characterized by stronger W flow than usual, especially in the N and some unsettled periods are expected, with a good deal of rain and strong to gale winds, more especially in the N. Later in the month, however, are likely, and are expected to last longer in the SE than elsewhere. Mean temp is expected to be above average in Scotland, N. Ireland, Wales and W. England, and near average elsewhere. Total rainfall is likely to be above average in East Anglia and S and SE England, and near average elsewhere. Gales are likely to be more frequent than usual in the N, and about average elsewhere. Frost and fog may occur with average frequency in the SE but less frequently than usual in other regions."

Overseas selling prices

Australia, 100: 100.00. Brazil, 100: 100.00. Canada, 100: 100.00. Hong Kong, 100: 100.00. India, 100: 100.00. Japan, 100: 100.00. New Zealand, 100: 100.00. Singapore, 100: 100.00. South Africa, 100: 100.00. Sweden, 100: 100.00. Switzerland, 100: 100.00. Taiwan, 100: 100.00. Thailand, 100: 100.00. Turkey, 100: 100.00. U.K., 100: 100.00. U.S.A., 100: 100.00. West Germany, 100: 100.00. Yugoslavia, 100: 100.00.

Will you still love me when I'm sixty four?

It's a frightening fact that the old get lonelier as they get older, simply because one by one their friends die. It also gets progressively more difficult to get about, and where can they go anyway? In reality, getting old can become a very lonely wait, sitting huddled over a hot water bottle. The only answer is to have somewhere nearby where senior citizens can meet, share a chat and a cup of tea; find they are not alone and be no bother to anyone. To help answer this enormous need, Help the Aged set up Day Centres. They are staffed by devoted people and helped by volunteers who give their time and service for no payment. But it still costs money to build them. This is where you can really help. Help the Aged's only source of money is from voluntary donations. You can be assured your donation will be carefully used to make some old people here or abroad less lonely, cold and hungry. A donation of £25 provides much needed equipment for a Centre: £5 will send 25 meals abroad, while £150 will not only help a Day Centre, it will also put the name of a loved one on the Dedication Plaque in the Day Centre. Please send whatever you can and use the FREE-POST facility and address your gift to: Hon. Treasurer, the Rt. Hon. Lord Maybray-King, Help the Aged, Room 72, FREEPOST 30, London W1E 7JZ (no stamp needed). * Please let us know if you would like your gift used for a particular purpose.

Commission calls for restoration of Snowdon

South Wales
Bill Carey Cardiff 792111
Merseyside and North Wales
Brian Ogden Chester 40133

Yorkshire
David Scorrh Leeds 892123

North Eastern
Derek Rowan Newcastle 27520

North Western
Ron Pitches 061 834 8161

South of Scotland
Bill Archibald 041 637 7177

North of Scotland
Tom Martin 031 225 1361

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WEST EUROPE

French police looking with envy at the resources enjoyed by their West German counterparts

From Our Own Correspondent
Paris, Oct 31

Police in Versailles today took in a man they believe is the last of three safebreakers whose attempt on the station at Fontenay-le-Fleury, Yvelines, last Friday led to police gunfire in which one police officer was killed and another seriously wounded.

On the same day there were two other incidents in which French police officers were shot and wounded. At Toulouse, two police superintendents were hit while giving chase to a member of an armed gang they were rounding up. In Paris an inspector was hit during a rooftop gun fight with a gang trying to escape after a raid on a jeweller's shop.

These incidents have coincided with a campaign by one of the main police unions, the Syndicat Général de la Police, to draw attention to the under-manning and working conditions of the force.

The tragic incident at Fontenay could be a case in point. The police were called to the station where the safebreakers were at work. There was dense fog so they split into three groups and moved in on the station.

Suddenly there was a burst of fire that wounded one inspector. Believing it must have come from one of the safebreakers, a policeman opened up with his machine gun in the direction of the firing and killed another inspector.

It was found that the safebreakers, when they were arrested, were unarmed. Two of them were found to be convicted burglars out of prison on short leave passes.

The police superintendent's organization immediately protested that prison leave was too easy to obtain and often used by criminals to carry out other crimes.

But the other point was that the incident occurred because the police groups moving in on the station were inadequately equipped to keep in touch with each other. Moreover they were nervous because of the likelihood, as shown by the incidents in Paris and Toulouse, that the criminals they were stalking were armed.

French police searching for the kidnappers and murders of Dr Hans-Martin Schleyer, the West German industrialist, have been noticing with envy the range of equipment and resources of their German counterparts.

The campaign by the police union has so far taken the form of a leaflet being pushed through two million letter boxes in the Paris area. It says that there are now fewer police on the beat than there were five years ago—for example there are only 21 on daytime duty in the Sixth Arrondissement compared to 24 in 1972.

In 15 out of 20 districts, members of the public have to be interviewed in the same room as prisoners and at least half of the police stations date from the first half of the last century. At Bobigny in Seine-St Denis, the police station is equipped with two 20-year-old typewriters and the motorised section comprises one car that has already done 100,000 miles and two mopeds.

M Jean Chausse, secretary of the union, says: "The quality of security is really the quality of the police". He is worried by the growth of private police forces, such as those that guard large stores and factories, and by "curious shooting clubs".

The union wants to see a stronger force, better equipped in more pleasant police stations and integrated into the town life.



Held in Hamburg, left: Hans-Jürgen Wilsdorf; held in London: Jürgen Petersen.

German held in London over kidnap

By Our Foreign Staff

Jürgen Petersen, a 25-year-old West German sought in connection with the kidnapping of a four-year-old boy in Hamburg last month, was detained in London on Sunday night by officers of Scotland Yard's extradition squad. He was found at a hotel in Craven Road, Bayswater.

At about the same time, the West German police in Hamburg arrested Hans-Jürgen Wilsdorf in connection with the kidnapping. Herr Wilsdorf,

who is 26, was detained at his divorced wife's flat.

The boy who was kidnapped on September 17, Felix Wessel, was the nephew of Ulrich Wessel, a terrorist killed when the West German Embassy in Stockholm was attacked in April, 1975. A ransom of £260,000 was paid for the boy's release.

The arrest in London came after Scotland Yard officers, helped by Inspector Peter Reichard, of the German police, had spent several days checking London hotels.

Herr Petersen booked into the Royal Eagle Hotel on Thursday afternoon under the name of Peter Jensen. According to hotel staff he "looked shabby", but nothing more was heard of him. "He was a quiet guest", one said.

He did not eat or drink in the hotel and he received neither visitors nor telephone calls. "He certainly was not flashing money around."

Yesterday morning two Special Branch detectives called at the hotel and showed the staff some photographs. One member of the staff thought she recognized Herr Petersen, but he was not.

When he returned to the hotel in the afternoon, a telephone call was made and the two detectives, accompanied by the German police officer, returned to the hotel.

They went to Herr Petersen's room, made the arrest and led their prisoner, who was in handcuffs, to a waiting police car. The police also took away a 3.5 litre Rover coupe left in the hotel car park.

Dutch kidnapers 'amateur criminals' police believe

Amsterdam, Oct 31.—The kidnapers of Mr Maurits Caransa, a wealthy Dutch property dealer, remained silent today despite an appeal from his family to make contact.

Police said there had been no response so far to the appeal yesterday through the Dutch news agency ANP.

"We have heard nothing from the kidnapers and still don't know where Mr Caransa is being held or by whom", police said.

Mr Caransa, aged 61, was bundled into a car soon after he left his bridge club in central Amsterdam early last Friday.

Telephone callers claiming to be members of the Baader-Meinhof Red Army group have said they were responsible, but police are treating it as a criminal rather than a political kidnapping.

A Government source said

that although a political motive was not being ruled out, the abduction was beginning to look like the work of "rather amateurish criminals".

Police denied a report in the Amsterdam daily *De Telegraaf* that they were concentrating their inquiries on groups of Yugoslavs living in Holland.

The paper also said the kidnapers escaped with their victim in a stolen red Fiat Polski car equipped with a 10-channel radio receiver and telephone.

Police confirmed that they were seeing a red Fiat stolen from a butcher at nearby Diemen who, as a volunteer fireman, had installed communication equipment in the car.

Mr Caransa, a Jew, escaped deportation to a concentration camp during the Nazi occupation of Holland by going into hiding.—Reuters, UPI and AP.

16 sailors feared lost in Bay of Biscay storm

Brest, Oct 31.—Ten sailors were known to have drowned and six were missing today after the sinking of the Greek cargo ship Tina in the Bay of Biscay, the French Coastguard radio station reported.

Five members of the crew were rescued from the stormy Atlantic but 10 bodies were also found.

The ship sent out a distress signal just after 5 am while 105 miles north-west of Corunna in Spain.—UPI.

Four holidaymakers die in plane crash

Varese, Italy, Oct 31.—Four Swiss holidaymakers, including a child, were killed when their private aircraft on its way from Lugano to Venice, crashed into a wall near here and burst into flames, the police said.—Reuters.

Historian to meet man said to be Hitler's son

Bonn, Oct 31.—Dr Werner Maser, a German historian who claims to have discovered a French son of Adolf Hitler, left his home in Speyer, in the Rhineland today to see again the man he maintains Hitler had fathered when he was a soldier in France in 1918.

He refused to disclose where the meeting was to take place.

The *Sunday Times*, which first published Dr Maser's claim, reported that the son, named Jean Lorret, lived "somewhere near the German border in northern France".

The West German newspaper *Bild Zeitung* said that he lived in St Quentin. The Paris newspaper *L'Aurore* said that he lives in Wavrin, near Lille.

Dr Maser's claim was greeted with interest but some scepticism in Germany. "Did Hitler have a son?", asked the *Essen* newspaper *Neue Ruhr Zeitung* on its front page.

The *Bild Zeitung* said: "Lorret has an incurable sickness and knows he must die." Mr Lorret's claim is also viewed sceptically by the population of Wavrin, where several

children were born of unknown fathers between 1917 and 1918. Another man, Mr Albert Leroy, a railwayman, was once believed locally to be Hitler's son because his mother had worked at the German army canteen.—UPI and Agence France-Presse.



M Jean Lorret: Doubts about claim.

'Indian summer' traffic jams on French roads

From Our Own Correspondent
Paris, Oct 31

Tempted by the fine weather of the lingering Indian summer, French families have flocked to the cities to spend the four-day All Saints' holiday in the countryside. Traffic leaving Paris over the weekend was 40 per cent higher than for the same period last year. An estimated five million people went away.

Getting out of the capital proved difficult with traffic on three-lane motorways taking up to three hours to cover the first 30 miles. Traffic jams were also bad in the provinces, especially south of Orleans and near Le Mans.

There was an early rush to the ski slopes round Tignes, Val Thorens and Deux Alpes, with queues forming for the lifts up to the runs at more than 6,000ft, where the snow was of very good quality. This early start means that skiers should expect this year a seven-month season.

Tomorrow families go traditionally to the cemetery to honour their dead. M Jacques Chirac, the Mayor of Paris, has set up a free bus service this year inside the city's huge cemeteries, to help the elderly. "Canary bison", the boy scout code name for advice given to motorists to avoid trouble, is suggesting that people should not try to make the journey back until Wednesday, if possible.

The road accident figures for the weekend are already heavy with 70 dead and 609 injured so far. The likelihood is that the "canary bison" advice will be to vain.

Work is to resume on Wednesday. M Barre, the Prime Minister, is likely to call a "council of war" of senior ministers on that day to tackle the continuing problem of inflation. Cost of living figures announced on Friday show prices rising at the rate of 9.7 per cent over the year—0.2 per cent more than was pessimistically expected and 3 per cent more than the target figure set by M Barre when he introduced his plan a year ago.

The accelerating rise is largely due to food prices, which alone have risen by 14 per cent in the past year. No price freeze is expected, but it is likely that measures to reduce the cost of food distribution will be considered by M Barre's "council of war."

Three Poles fined over Amnesty petition

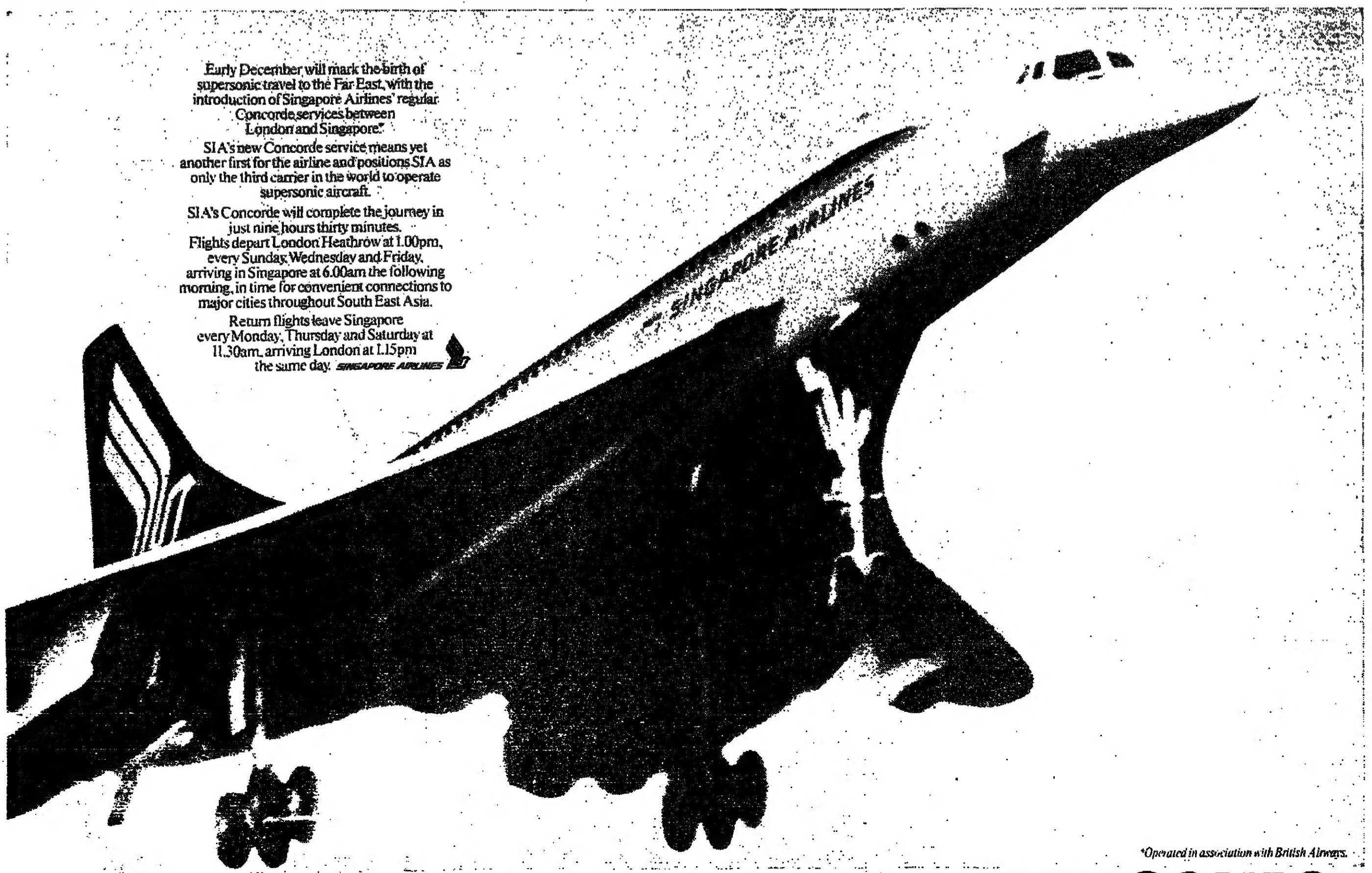
Warsaw, Oct 31.—Three Polish members of Amnesty International have been fined the equivalent of £33 each by a Warsaw court for collecting signatures for an Amnesty petition in a public place without permission, using abusive language, and creating a public disturbance.—Reuters.

Early December will mark the birth of supersonic travel to the Far East, with the introduction of Singapore Airlines' regular Concorde services between London and Singapore.

SIA's new Concorde service means yet another first for the airline and positions SIA as only the third carrier in the world to operate supersonic aircraft.

SIA's Concorde will complete the journey in just nine hours thirty minutes. Flights depart London Heathrow at 1.00pm, every Sunday Wednesday and Friday, arriving in Singapore at 6.00am the following morning, in time for convenient connections to major cities throughout South East Asia.

Return flights leave Singapore every Monday, Thursday and Saturday at 11.30am, arriving London at 1.15pm the same day. SINGAPORE AIRLINES



*Operated in association with British Airways.

SINGAPORE AIRLINES GOES SUPERSONIC!

OVERSEAS

Vietnamese hijackers' fate still undecided

Singapore, Oct. 31.—Singapore said tonight it had not yet decided what to do with four Vietnamese who hijacked an Air Vietnam aircraft here on Saturday after killing two members of its crew. A Government spokesman was commenting on Singapore news reports that the hijackers intended to return to Vietnam.

The spokesman said the reports were untrue and reiterated that, once investigations were finished, the four men would be dealt with under international laws and conventions. However, it is not clear whether Singapore has the legal right to try the hijackers for a crime committed over Vietnam.

The Air Vietnam DC3 was seized minutes after it had taken off from Ho Chi Minh City (formerly Saigon) on a domestic flight. Soon afterwards the flight engineer and radio officer were killed.

Foreign Ministry sources said the hijackers initially asked to stay in Singapore but were turned down and now seek asylum in the United States or France.

The Singapore Government seems to be taking a tough stance against the hijackers, especially in view of the killing of the two crew men. However, Singapore might still return the four to Vietnam, although there is no extradition treaty between the two countries.

In Hongkong, captain Derry Pearce, president of the International Federation of Airline Pilots' Associations, sent a message today to President Benjamin Sheares of Singapore asking that the provisions of The Hague and Montreal conventions on air piracy be strictly applied to the hijackers. He also sent a message to President Ton Duc Thang of Vietnam, saying that his federation was "actively seeking the cooperation of all nations in an attempt to rid the world of crimes of violence against civil aviation."

Round the world in 54 hours

San Francisco, Oct. 31.—A Pan American World Airways Boeing 747 carrying 150 passengers landed here last night after flying round the world in a record 54 hours, 7 minutes.

The flight sliced more than eight hours off the old record of 62 hours 27 minutes set by a Boeing 707 cargo jet in 1963. The Pan Am jet travelled more than 25,000 miles and crossed the North and South Poles during the journey.

Twenty-two first class pas-

Mr Trudeau retreats from his idea of nationwide vote on Quebec

From John Bear

Ottawa, Oct. 31.—Mr. Trudeau has opened a hornet's nest with the announcement nearly two weeks ago that the Government was considering its own referendum on the question of Quebec's separation from Canada.

Canadians are still trying to digest the implications of the Prime Minister's unexpected statement. In the meantime, Mr. Trudeau has been doing some back-pedalling.

After first telling the Commons that the Government intended to introduce legislation that would permit a referendum, he modified this to say the enabling legislation would be introduced "if we get the cooperation of the opposition parties". The federal opposition parties have taken a wait-and-see attitude.

Mr. Trudeau also raised the possibility that the special vote might be held in Quebec only, rather than Canada as a whole as he at first intimated. At no time has the Prime Minister formally committed himself to holding a referendum, either on the Quebec issue or on other constitutional matters that the

enabling legislation would cover.

Rather, he talks about the need to equip the federal authority with the "tools" it may require to counter the Parti Québécois Government's strategy or trying to achieve Quebec independence through a referendum.

The result of all this has been confusion as to just what Mr. Trudeau does have in mind and the strength of his determination to achieve it. There is speculation that the Prime Minister made his referendum announcement under the influence of M. Marc Lalonde, his minister for federal-provincial relations.

At most, only a few Cabinet ministers were involved in whatever discussions took place before the Prime Minister's Commons statement.

Now Mr. Trudeau is planning visits to the 10 provincial premiers, including Mr. René Lévesque of Quebec, for talks on constitutional and other questions. His thoughts on a referendum will probably be further refined as a result.

In Quebec City, the suggestion that Canadians as a whole might be polled on the question of Quebec's place in con-

stitution drew a predictable response. "It's up to the Quebec people to decide the future of Quebec," Mr. Lévesque said.

More surprising and perhaps more significant, the opposition parties, in the provincial assembly, all federalist, rallied behind the principle of Quebec's right to decide its own future.

Mr. Lévesque used historical precedent to back up his argument. When Newfoundland joined Canada in 1949, he noted, it was on the basis of a referendum in which only the Newfoundland people took part.

"The whole idea of a federal referendum has negative connotations in Quebec. During the Second World War, a plebiscite was held on whether military conscription should be imposed in Canada."

Quebec voted massively against conscription, while the rest of the country voted just as massively in favour. Thousands of young Quebec men were called up against their wishes and those of their families, and the conscription crisis left a residue of bitterness in English-French relations in Canada that still lingers.

Italian climber killed in Himalayas fall

Katmandu, Oct. 31.—An Italian-Himalayan expedition twice climbed the 24,763ft Annapurna 3 peak, but lost its deputy leader on October 23, the Nepalese Foreign Ministry announced today.

The expedition's two groups were not using oxygen and took the most dangerous route, the ministry said.

While descending, Luigi Henry, aged 36, slipped 300 yards and fell into a deep crevasse, being killed instantly. Another member of the team seriously injured his leg.

Agence France-Presse.

Labour looks foolish after Whitlam change of mind

From Our Correspondent Melbourne, Oct. 31.

The Australian Labour Party has made an unfortunate start to its election campaign. Before the announcement of a December poll by Mr. Fraser, the Prime Minister, last Thursday, Mr. Gough Whitlam, leader of the Opposition, had stated that Mr. Bill Hayden, the last treasurer of the Whitlam Administration, would not hold an economic portfolio if Labour won this time.

Mr. Whitlam added that Mr. Hayden would be Minister for Foreign Affairs and Defence and Mr. Chris Hurford would be Treasurer. Until now, Mr. Hurford had been shadow Treasurer, but Mr. Hayden had assumed a position as Labour's chief economic spokesman, apparently senior to Mr. Hurford.

After wide criticism over the weekend, however, Mr. Whitlam changed his mind and announced that while Mr. Hurford would still be Treasurer, Mr. Hayden would now head a new department of economic development.

Although the switch has made Mr. Whitlam look foolish, it has been accepted by Labour supporters with great relief. Mr. Hayden was considered to be the best Treasurer for some

years and certainly to be Labour's most astute economist.

Today, Mr. Fraser was able to make some capital out of Labour's bungling, and even Mr. Hurford said on television that the mix-up has been unfortunate. However, Mr. Hurford insisted that the establishment of a department of economic development put Labour ahead of the Liberals on economic planning.

The immediate reaction to Mr. Fraser's announcement of a December election has been one of apparent hostility. Even within government ranks several members with marginal seats are far from happy since it is generally accepted that although the Government will retain power it will lose some seats.

The timing is being attributed to a belief by Mr. Fraser that he is more likely to win this year than next.

The role of Sir John Kerr, the Governor-General, has also come under severe scrutiny. It was recalled that he said in a speech in 1975 that it was not enough for a prime minister to seek a premature election simply because it suited him. But he has now apparently changed his mind.

Many die in China for political crimes

Peking, Oct. 31.—At least 23 people have been executed in the south-western Chinese city of Kunming for mainly political crimes, according to court proclamations there.

The executions were the latest of a series in various parts of the country since the downfall just over a year ago of the extremist "gang of four", which included Mao Tse-tung's widow, Chiang Ching.

The proclamations indicated that the purge of "gang" followers was continuing throughout China as the pragmatic post-Mao leadership moves to eradicate all vestiges of extremist influence. But there have been a number of suggestions, primarily from provincial radio broadcasts, that the campaign is proceeding neither as quickly nor as smoothly as the central leadership would like.

There have even been a few provincial radio statements recently saying that the position of Chairman Hua Kuo-feng must itself be defended, a possible suggestion of dissension somewhere in the party ranks.

Travellers and local radio broadcasts have reported executions for counter-revolutionary activities—regarded as political crimes against the state punishable by death—from 12 widely separated cities other than Kunming since the arrest of the "gang of four" on October 6 last year.

Recent travellers to Kunming, a Yunnan province, said they saw court proclamations posted on walls in the city. The proclamations were able to read contained 47 names, of which 23 were listed for immediate execution in September, most for political crimes. These offences included disseminating counter-revolutionary leaflets and forming counter-revolutionary groups. Death sentences in China are carried out by shooting.

The other 24 people listed were sentenced to prison terms for various offences. The travellers said that of the five other proclamations one contained about the same number of names and four of them between 15 and 20 names each.

Meanwhile, China has reiterated its concept of three worlds—the superpowers, developed countries and developing nations—and says that the Soviet Union remains the biggest threat to peace. The re-statement of Mao's three worlds policy comes in a 35,000-word article to be published in the People's Daily tomorrow.

Reuter. Leading article, page 15

Law Report October 31 1977

Court of Appeal

Lacuna in Domestic Violence Act

Lewis v Lewis
Before Lord Justice Roskill and Lord Justice Ormrod

The Domestic Violence and Matrimonial Proceedings Act, 1976, by virtue of section 2(1) of which a person may be arrested under power of arrest attached to an injunction, does not authorize detention for longer than 24 hours after the arrest. The Court of Appeal pointed to this lacuna in the Act and said that it should be remedied as soon as possible.

Their Lordships also declared that the Act was general in its application and not confined to applications for injunctions under section 1.

The Court of Appeal allowed an appeal by Mrs. Anne Helen Lewis from the refusal of Judge McCreary at Southampton County Court to attach a power of arrest to a matrimonial injunction sought in the course of divorce proceedings, and sent the case back to the judge for decision.

Section 2 provides: "(1) Where, on an application by a party to a marriage, a judge grants an injunction under section 1 (in whatever terms)—(a) restraining the other party to the marriage from using violence against the applicant, or (b) restraining the other party from using violence against a child living with the applicant, or (c) excluding the other party from the matrimonial home or from a specified area in which the matrimonial home is included, the judge may, if he is satisfied that the other party has caused actual bodily harm to the applicant or, as the case may be, to the child concerned and considers that he is likely to do so again, attach a power of arrest to the injunction."

(2) If, by virtue of subsection (1) above, a power of arrest is attached to an injunction, a constable may arrest without warrant a person whom he has reasonable cause for suspecting of being in breach of such a provision of that injunction as falls within paragraphs (a) to (c) of subsection (1) above by reason of that

person's use of violence or, as the case may be, of his entry into any premises or area."

(4) Where a power of arrest is attached to an injunction and a person to whom the injunction is addressed is arrested under subsection (2) above, he shall be brought before a judge within the period of 24 hours beginning at the time of his arrest, and (b) he shall not be released within that period except on the direction of the judge, but nothing in this section shall authorize his detention at any time after the expiry of that period."

Mr. David Trotter for the wife. The husband, Mr. Roger William Francis Lewis, did not appear and was not represented.

LORD JUSTICE ORMROD said that the appeal arose out of an application by the wife in divorce proceedings for an order in familiar form restraining the husband from molesting her and requiring him to vacate the matrimonial home. The judge took the view that section 2 of the Domestic Violence and Matrimonial Proceedings Act applied only where the application was made pursuant to section 1.

Section 2 was in general terms and applied where any judge granted an injunction in any of the three forms mentioned in section 2. The judge had been wrong in concluding that it was not possible to attach a power of arrest to an injunction granted in divorce proceedings.

The appeal gave the court an opportunity to comment on points raised by the Act. The first was that the person applying had to satisfy the court on two separate grounds, that the other party had caused actual bodily harm to the applicant and that he was likely to do so again. In the present case there was virtually no evidence for the judge to make a finding on the second point.

The judge's order had been in existence since September 13. Nothing had happened between the parties since that date and apparent peace existed, save that the wife would not return to

the matrimonial home, which had been empty since the judge's order.

Secondly, the power of arrest was not to be regarded as a routine remedy by any means. It was plain from the wording that it was exceptional. It was very useful (or exceptional) cases where a man or woman persisted in disobeying an injunction.

Thirdly, notice should be given in an application for an injunction that it was proposed to ask the court for a power of arrest. If that was not done the respondent might not turn up. He ought to be warned because he might submit to the injunction but oppose the power of arrest.

Fourthly, in section 2(4) Parliament had left in the air the powers of the judge when the power of arrest was put into effect. Section 2(4) required the person arrested to be brought before a judge within 24 hours. If he was not, he had to be released; but if he was, the Act contained no provision for the judge to do anything. No power was given by the Act to the judge to keep a man in custody a moment longer than 24 hours. The judge could not commit in the present class of contempt on his own motion, and the only other way to deal with it was for the other party to take the usual step of applying for an order for attachment or committal. His Lordship found it quite obscure what the judge could do when a person was brought before him. There was a large lacuna in the Act which ought to be remedied as soon as possible.

The only course the court could take was to allow the appeal in point of law in that the judge had had power to consider whether to attach a power of arrest, but it was for him to decide whether to do so. In those circumstances the appeal would be allowed.

LORD JUSTICE ROSKILL delivered a concurring judgment. Solicitors: Coffin, Mew & Clover, Southampton.

Science report

Medicine: Megavitamin theory

Few people realize that vitamins can cause serious poisoning and, indeed, vitamin pills have an aura of safety and healthiness about them that is very different from that of drugs such as tranquilizers. Health-food enthusiasts will often take regular doses of vitamins while rejecting "synthetic" drugs and many people prefer to treat coughs and colds with vitamins rather than with conventional medicines.

Reliance on vitamins does no harm so long as the doses taken are small, but a new trend, growing in popularity, is the use of enormous doses of vitamins in the treatment of some mental states. Extravagant claims have been made for this megavitamin therapy in the treatment of schizophrenia and in some behaviour disorders in children. In the United States megavitamin therapy is being widely used, against medical advice, as a treatment for minimal brain dysfunction, a diagnosis applied to children whose

behaviour is disruptive and who are physically hyperactive. The dangers of this indiscriminate use of vitamins are shown in a report from Yale of a boy aged four brought to the university hospital complaining of painful legs. He had a fever and was irritable, and his mouth and lips were sore and cracked. Tests showed that his blood contained more than 10 times the normal amounts of vitamin A and that the high concentration had caused bone damage, so explaining the pain. His liver had also been damaged. Although the family denied that he had been given vitamins, his nursery school teachers reported that he carried a bottle of tablets everywhere and had eaten them continuously.

Vitamin A is the most dangerous; overdosage can be fatal, although symptoms usually lead to medical intervention while the condition is still reversible. Excess vitamin D may damage the kidneys and may lead to calcium being deposited in the blood vessels. Other vitamins are safer, but in

general it is true that a substance that affects the body chemistry in low concentrations may have a magnified action when taken in excess.

The belief that if small doses do more good than big doses should do more good is based on fallacious reasoning. Taking extra vitamins is rather like giving a car engine extra oil. Furthermore the whole range of vitamins, minerals such as iron and indeed all essential nutrients are present in adequate quantities in any reasonably balanced diet. Treatment with vitamins is needed only if for some reason the diet is inadequate or if there is some disease that prevents normal absorption of vitamins from food. Otherwise vitamin therapy is at best a simple placebo and at worst a form of self-poisoning.

By Our Medical Correspondent
Source: *Journal of the American Medical Association*, October 17 (p1749).

WANTED-A BALEFOUR

Would Balfour have signed this?

1917

Foreign Office,
November 2nd, 1917.

Dear Lord Rothschild,
I have much pleasure in conveying to you, on behalf of His Majesty's Government, the following declaration of sympathy with Jewish Zionist aspirations which has been submitted to, and approved by, the Cabinet.
"His Majesty's Government view with favour the establishment in Palestine of a national home for the Jewish people, and will use their best endeavours to facilitate the achievement of this object, it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine, or the rights and political status enjoyed by Jews in any other country."

I should be grateful if you would bring this declaration to the knowledge of the Zionist Federation.

Y. in
Amos
Balfour

1917

Dear Chairman Arafat,
I have much pleasure in conveying to you, on behalf of Her Majesty's Government, the following declaration of sympathy with Palestinian aspirations which has been submitted to, and approved by, the Cabinet.
"Her Majesty's Government view with favour the establishment on Palestinian soil of a national state for the Palestinian people, and will use their best endeavours to facilitate the achievement of this object, it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of the existing Jewish population of Israel, or the rights and political status enjoyed by Palestinians in any other country."

I should be grateful if you would bring this declaration to the knowledge of the Palestine Liberation Organisation.



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APPOINTMENTS VACANT
also on page 13

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APPOINTMENTS VACANT
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BUSINESS NEWS

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VALUERS

Sterling climbs to highest level for 18 months as Government acts to defend money targets

Floating pound advances 6.33 cents on the dollar in widespread demand

By Caroline Atkinson
Sterling soared to its highest level since May, 1976, after the Bank of England let the rate float freely yesterday. It closed at \$1.8405, against the dollar, up 6.33 cents from Friday's close of \$1.7772.

In effective terms the pound leapt by 3.5 per cent to 64.6 on the made-weight index. This effective rate index was at 62.5 before the weekend. There is no indication yet whether the authorities will try to repeg the pound at a new rate, or what this rate would be. Some dealers believe that the pound could go as high as \$1.90 against the dollar by the end of this week if the miners accept the productivity deal today.

The Government's decision to take the lid off the pound was first implemented early yesterday morning on the Far Eastern foreign exchanges.

Sterling climbed rapidly to above \$1.80 in Tokyo and opened at \$1.8025-\$1.8075 in London.

There was then an official announcement that the Government had decided "to allow its intervention policies" in the light of the danger posed to its money targets by this year's huge inflows of foreign money.

The pound was then allowed to rise freely for a while. Strong demand from all quarters pushed the rate up \$1.845, when some slight intervention was detected. Dealers reported some substantial profit-taking during the day by those who have built up their sterling recently but this was easily outweighed by continuing demand, especially from New York.

The decision to let the pound float up was taken at the end of last week after it became

clear that overseas money was continuing to flood into London despite the Chancellor's measures.

Official reserves for October are to be published tomorrow. The total was \$12.5 billion, and confirmed that the scale of inflows into pounds was such as to threaten the Government's 9-13 per cent money target.

So far this year many of the funds coming into Britain have gone into Government gilts and other debt, and therefore have not affected the money supply. September's money figures showed that some of this inflow is now leading into resident bank accounts and thus pushing up money growth. With the current account coming into surplus the money flowing into Britain as a result will have a direct one-for-one effect on the money supply, offset only by the increased liquidity

of exporters receiving the foreign money.

Thus a conflict between the Government's money and exchange rate policy was deemed inevitable, and the decision was taken to let the pound go up before further money supply figures showed that the conflict had become acute.

The Government could still have some difficulty achieving its money targets this year, and in setting targets for next year which are neither too restrictive nor thought to be too inflationary. Gilts have been supported this year by the foreign inflows, and with low institutional liquidity there is a limit on the amount of domestic sales which will take place. The dollar lost ground against all currencies yesterday, closing at a new low against the Japanese yen of 349.1, and the Swiss franc of 2.232. It closed down 1.15 pence at DM2.2505.

A statement by Mr Michael Blumenthal, United States Treasury Secretary, that America wanted to preserve the strength of the dollar helped the currency to recover during the day.

However, most dealers are expecting a further decline in the rate this year. The Bank of England has been the heaviest supporter of the dollar on the exchanges. Without this support, the Bank allows the pound to rise, the dollar will be weakened.

In New York the dollar moved sharply lower against the pound. The Dow Jones Industrial Average closed 4.33 points down at 818.35.

CBI says loss in competitiveness will not be welcomed by exporters

By Malcolm Brown

The Confederation of British Industry voiced sharp criticism of the decision to float the pound. "We had urged the Government to seek a period of stability in the exchange rate," a spokesman said. "Our inflation rate is still well above that of our competitors. The further loss in competitiveness of a rising pound will not be welcome to industry."

Today the CBI will publish its latest survey of trade trends. This will show that even at the old exchange rate—more than 60 per cent of exporters judged that prices were already a major factor hindering exports. The comparison a year ago was 39 per cent.

Others took a more sanguine view. Sir Frederick Cathwood, chairman of the British Overseas Trade Board, said the feeling in the past few weeks had been that provided the pound did not go very much above the \$1.80 mark the effects should not be too bad.

The danger would be if it went up too rapidly over a short period. That would hit

products which sold solely on price. But it was necessary to take a longer view; it would not be right to sell purely on price in the long run.

A spokesman for the Engineering Employers' Federation said a lot of members would welcome the float. The major problem facing industry was still inflation and this would help in the long run.

But companies whose product was off-the-shelf and quickly with the consumer would be hit. Their export prices would go up immediately. Manufacturers at the "beaver" and of engineering would not be so badly affected.

At the Association of British Chambers of Commerce, which may discuss the float at its national council meeting tomorrow, a spokesman considered that the sterling rate had been allowed to harden at an unduly low level. One sector less well placed is the car industry. Foreign cars, already taking half of the home market, will become cheaper and the export prices of cars and motor components will be up.

Mr David Plaxow, president

TUC chief says exchange rate no 'virility symbol'

By Paul Routledge

Mr Len Murray, general secretary of the TUC, yesterday took the opportunity afforded by his winding-up of a trade union conference to criticise the Government's motives in allowing the pound to float up.

He told union leaders: the Treasury statement argued that it was necessary to stop the "inflow of hot money, which was a danger of pushing up the money supply and domestic credit expansion beyond the limits set by the International Monetary Fund."

"Now we all know the danger that came flowing in with hot money. But the statement did not contain one word about the industrial strategy."

"Quite frankly, I don't know what the level of the exchange rate should be, but I do know

that if the exchange rate goes up, our imports become cheaper and this helps to reduce inflation."

"I also know that it makes our exports dearer, and possibly therefore loses attraction in world markets. Know that price is not everything."

"Good design and quality can be just as important, and that is an important part of what the industrial strategy is about. What is quite clear to the TUC is that we should not treat our exchange rate as a symbol of monetary virility or virtue."

"Decisions on the exchange rate are enormously important ones, but we need to take them on the basis of what is good for the manufacturing sector, not what is good for the money supply—just as we must take decisions on exchange controls on the basis of what is good for investment and employment in Britain."

IMF doubts on sterling stability

From Frank Vogel

Washington, Oct 31

Britain's decision to allow the pound to float more freely was not prompted by pressures from the United States Treasury or the International Monetary Fund, according to informed sources here.

Informal consultations had taken place recently between British, American and IMF officials about sterling's exchange rate, the sources said. It is believed that the IMF is concerned that a further rise in the pound in terms of the dollar may impair Britain's international trading competitiveness.

Such a rise is widely expected among New York foreign exchange dealers. These dealers said today that it seemed likely it would climb to \$1.86 in the next couple of days and perhaps go still higher. They consider that the

British authorities may have to start intervening heavily once again to try to stabilise the pound, because of reduced export competitiveness implicit in a further sterling rise.

Gilts yielding 11 per cent can still be bought and used as collateral for loans in New York at 8 per cent, say the dealers. This highly-profitable operation was free of risk when sterling was bought in the forward market fully to hedge the exchange rate risk.

So long as such opportunities were available the pound is seen as rising in terms of the dollar.

This is said to be particularly the case at a time when confidence in the management of the American economy is as low as it is now, as reflected by such statements as that made last week by Dr Arthur Burns, chairman of the Federal Reserve Board, which bitterly

criticized the Carter Administration for acting in a manner that is depressing business confidence.

Peter Norman writes from Bonn: While sterling's movement against the Deutsche Mark generally reflects its fluctuations against the dollar, there appears to be a growing feeling in German banking circles that economic recovery in Britain is a reality.

Michael Hornsby writes from Brussels: The cost of nearly all food imports will remain unchanged because of the special over-valued exchange rate used for translating the EEC's common farm prices, expressed in units of account, into sterling. But the stronger pound will reduce slightly the size of the large subsidies which have to be paid on British food imports to sustain the "green" pound rate.

PARKER TIMBER GROUP LTD. EXCELLENT RESULTS

The Annual General Meeting was held on 28th October, 1977. The following is an extract from the statement of the Chairman, Mr K. Whitby—

The Group of Companies, as forecast has had a successful year, with a further marked increase in turnover and profits. Group Net Profit, before provision for taxation, amounted to £2,727,000, an increase of £674,000. Provision for Corporation Tax, calculated at 50 per cent was £1,363,500 (1976 £1,180,000). Total Dividend, including Dividend Exports of £153,000 amounted to £41,062,000 (1976 £31,571,000).

All timber divisions traded successfully during the year, despite the burdens of inflation and increased costs from abroad. F. P. Stewart & Co. Ltd. increased output and services to our customers. All branches of Parker Timber (Plywood) Ltd., have traded at substantially increased turnover and profits. The new branch opened at Bristol has achieved excellent results, and allows a broader base for plywood operations, particularly to Wales and the West Country. During the year, productive capacity of plants has been increased and results achieved at all locations were up to expectations. Nations-wide demand for roof trusses has been at a lower level with margins under pressure, our share of the market has however been increased. The factory site for building components at Pinxton has been extended by the purchase of a further three acres. Diamatic (Steel Fabrications) Ltd., made a useful contribution to Group Profits. Parker International had a further successful year with a large increase in storage and handling, currently it has the largest order book in its history. A. Letter & Co. Ltd., have managed to maintain satisfactory level of turnover and profitability in spite of the difficult conditions prevailing in the industrial packaging and insulation materials. Plans are in hand for a considerable expansion in the manufacture of corrugated fibreboard and plastic packaging products.

During the year the Group invested £282,000 in capital projects and machinery, reflecting our continuing confidence in maintaining the programme of expansion and modernisation.

Turnover for the first five months of the Current Year is 121 per cent higher in value than for the same period last year. Current trading remains satisfactory and we hope that subject to any unforeseen difficulties a further successful year's trading will be enjoyed by the Group.

The accounts for the year to 31st March, 1977 were adopted and dividend of 5.445p (maximum permitted) approved payable 4th November, 1977.

PARKER HOUSE, 141 EVELYN STREET, DEPTFORD, LONDON SE8 5DE

London metal prices take heavy tumble

By Wallace Jackson

Commodities Editor

All London Metal Exchange prices were sharply lower yesterday following the advance in sterling.

Copper cash wire bars lost £21.25 a tonne to £640.50, and three months was £21 a tonne lower at £632.25.

Lead fell by £3.75 a tonne to £349.75 for cash and by £3.25 to £355.75 for three months. The falls in zinc were £5.50

and £14. Silver lost between 6p and 7p a troy ounce in the LME ring.

Sugar futures were about £3 a tonne lower. Coffee futures were least affected, as sterling's rise could only cancel out the effect of a sharp advance in New York coffee on Friday.

Tin, which was also affected by a decline in the Penang price, fell by £12.50 a tonne for standard cash to £6,872.50 and three months was £112.50 a tonne lower at £6,640.

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Newsprint may cost £10 a tonne less this month

By Edward Townsend

British newspapers could be paying £10 per tonne less for newsprint this month if sterling's rise is maintained. If all importers and the domestic producers—Bowness and Reed—follow suit, the reduction could save the newspaper industry about £1m in one month.

In the last round of newspaper price increases the Canadian suppliers were alone in imposing a currency clause in contracts allowing for adjustments should the pound rise in value above \$1.75.

This will now be triggered and the Scandinavian and Finnish producers are expected to have little choice but to lower their prices.

In the interests of maintaining a stable price structure newspaper buyers and users are likely to agree on a system of credit notes leaving the posted prices, which average £240 a tonne, unchanged. The last increase, in January, was £27 a tonne and added about £32m to the publishing industry's 1977 costs.

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Office of Fair Trading inquiry starts into SE restrictive practices

By Desmond Quigley

A major and exhaustive investigation into the operation of the Stock Exchange and the restrictive practices it enforces—particularly fixed commission rates and the separation of stockbrokers and jobbers—has been started by the Office of Fair Trading.

Yesterday the OFT placed the constitution and rules of the Stock Exchange on the Register of Restrictive Trading Agreements following a preliminary investigation of the agreement between members of the Stock Exchange which is strictly enforced by the Stock Exchange Council.

Along with Monopolies and Mergers Commission inquiries into the proposed merger of the Jobbing Firms Smith Brothers and Bisgood, Bishop, the OFT investigation will be the first into Stock Exchange affairs to be carried out by a government agency.

At a time when many of the accepted practices—not least the single capacity of brokers and jobbers alike—are under strain, the investigation may have far-reaching effects.

Investigation by the OFT may take up to two years. Although it will be wide ranging, there are about a dozen major targets, of which the two most crucial and sensitive are the commis-

sion rates and the division between brokers and jobbers.

The Stock Exchange Council has always resisted arguments that fixed commission rates should be dropped in favour of freely negotiated rates and says its stance is vindicated by the events in the United States following the ending of fixed commissions there in 1975.

Since then some 150 broker-dealers have been forced into mergers or out of business altogether.

Mr Nicholas Goodison, chairman of the Stock Exchange, said yesterday: "At the moment my council would not want to abandon fixed commissions. Just look at the United States experience, when the abolition did not work in the public interest."

While not necessarily wholly in favour of the present system, most institutions, which theoretically would gain financially from the abolition of fixed rates, believe that a free-for-all would be damaging.

One institutional investment manager said yesterday: "The United States example showed that the breaking fraternity was sparked off by complaints from the Welsh Consumer Council and others. These were the merchants, who are based in the Presell and South Pembroke-shire areas of west Wales, are charging too high prices and offering too little competition on prices. It is alleged that the prices they are charging are typically about £10 a ton more than equivalent prices charged for the same coal by merchants in Cardiff."

Under new powers which came into effect on August 1, the commission can make reaching recommendations enforceable by the Secretary of State for Prices and Consumer Protection. Subject to parliamentary approval, any such restrictions can last for an indefinite period.

In making the reference on road haulage Mr Hattersley hinted at the threat of sanctions against high wage settlements. He said a major factor affecting the industry's charges appeared to be wage costs on which "current developments" would be relevant.

The Government is alarmed that pay settlements affecting heavy goods vehicle drivers in the west Midlands a 15 per cent pay increase will set a precedent for the remainder of the industry.

Agreed late last month, the deal was made between union negotiators and the powerful Road Haulage Association, which represents 16,000 firms.

Wage negotiations are at present in progress for other areas, but the west Midlands is traditionally regarded as setting the pattern for the rest of the country.

The majority of road haulage concerns are too small to have to precede the Price Commission about their proposed price increases. But the National Freight Corporation applied recently for increases of about 30 per cent for certain of its loss-making operations.

After discussions with the commission the increases were subsequently modified to a maximum of 15 per cent for the Roadline UK parcels company while the increase in rates of another NFC subsidiary, National Carriers, were agreed at 9 per cent.

The industry argues that other costs apart from its wages, which account for only 40 to 50 per cent of total costs, have gone up.

Patricia Tisdall

BOC stewards will urge a return to work

British Oxygen shop stewards

voted last night by the movement of margines to recommend a return to work of the 3,000 drivers and process workers who have been on strike for three weeks.

A special meeting in London they voted initially 36-36 on the recommendation which meant accepting a still-secret peace formula.

Then abstainers were urged to come off the fence in a vote which decided by 38-36 in favour of recommending an end to the strike.

Now stewards will hold meetings in the next two days at the 46 depots in the country which have been directly affected by the dispute.

Mr John Miller, Transport and General Workers' Union national chemicals officer, said: "Traditionally members at grass roots level have endorsed decisions of the stewards."

"But we have to bear in mind we have not had a massive vote in favour of a return to work. It could be a bit tricky." Meanwhile he planned to set up a provision meeting with British Oxygen to resume negotiations.

A resumption will, of course, depend on members deciding to call off their unofficial stop-

page which has been estimated to have caused 50,000 layoffs in other industries.

British Oxygen has refused to negotiate while the strike continues.

Mr Miller said there had been a "very substantial" improvement in British Oxygen's financial position since the strike began.

"Our dilemma this afternoon was that while we were aware of the new offer we were not in a position to put that formally to the conference," he said.

"We have been asking them to have faith in us. But I can tell you there was no way I would have recommended this conference today unless I was personally convinced that the company was prepared to improve radically their offer."

The company had been talking of "pound notes and not pennies."

When the strike started British Oxygen had offered the men 10 per cent plus a productivity agreement which guaranteed another 4 per cent.

As this saga there were a number of conditions attached to it but they were later removed at talks under the auspices of the Advisory, Conciliation and Arbitration Service.

Insurers to curb Ulster fire losses

Damage by terrorists in Northern Ireland is to be excluded from commercial and industrial fire insurance cover from April 1.

The new exclusion clause drawn up by the British Insurance Association is timed to coincide with the introduction of the Government's Criminal Damage (Compensation) Northern Ireland Order, which defines what the authorities regard as terrorist damage, for which government compensation will be payable. It does not affect private dwellings.

It is designed to eliminate confusion over Northern Ireland claims which has in the past led to sizable financial losses to some insurers as well as higher administration costs.

Government compensation has been available to property owners for terrorist damage under 1971 legislation, but many firms have tended to pay out on policies immediately, recovering the appropriate proportion of their outlay when government compensation is made.

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BY THE FINANCIAL EDITOR

Gilts get the message

However reluctantly it may have been taken, yesterday's decision to let sterling rise is excellent news for the gilt-edged market. It is first and foremost a reassertion in the belief that control of the money supply is regarded by policymakers as the top priority.

There had come to be some doubt on that score. Earlier this year it had been possible to sell gilts on a sufficient scale to neutralise the effect of the foreign currency inflows and simultaneously to hold the pound stable in terms of its Smithsonian index. Later the inflows have no longer been containable in this way, and it will be profoundly reassuring to financial markets that when something had to give, it was the sacred cow of export competitiveness rather than the monetary targets.

It is true that, if the higher parity achieves its objective and the inflows abate, an important factor which has fuelled the rise in gilt prices will be eliminated. It is certainly hard to see Minimum Lending Rate going anywhere other than up. But initial indications from the continent yesterday did not point to a sudden cessation of investment in British financial assets, and it is once seen that the Bank of England is intervening to hold the pound back at a higher level the hot money will come flowing in quicker than ever.

For equities the prospect of lower inflation via a strengthening pound is not a wholly un-mixed blessing, however. Losses on exchange rate conversions and pressure on export margins will intensify existing worries about corporate profitability next year and point to a period of some uncertainty in the immediate future for share prices.

But real living standards will now be rising more strongly and the short term effect of the stronger pound on the balance of payments will be to increase it before the competitive disadvantages work through. Add in the prospect of higher dividends, unimpaired by the pound's rise, and shares still look more likely to go up than down.

Profits

Export margins will be squeezed

The near two point improvement in the terms of trade between the second and third quarters this year says more about the long-term competitiveness of British exports than all the less than sanguine forecasts on the outlook for exports next year that have started to seep out of some manufacturing groups.

For although some of the gain in the terms of trade has been due simply to sterling's appreciation, it has been fairly apparent that exporters have been reasonably successful in restoring profit margins closer to levels ruling this time last year when sterling was under pressure. There is, however, a limit to how far this can go and it is a fair assumption that exporters will have to take the lion's share of yesterday's appreciation in sterling on margins since otherwise they will be squeezed out of world markets.

There is, it is true, little evidence from Germany or Japan that an appreciating exchange rate eats into export potential with quality, delivery dates and so on affecting competitiveness as much as price. By the same token, though, there is little practical evidence about the elasticity of British exports and at the moment few would probably disagree that they are fairly price-sensitive.

Short-term, then, sterling's rise will inevitably squeeze export margins although in the medium-term there should be some offset from reduced cost pressures at home as lower import costs work through to industry.

Whatever the final outcome the immediate effect must be to knock even more of the shine off last year's market leaders like overseas traders and insurance brokers, while shipping, whose costs are in sterling and revenue in foreign currencies, is already in the doldrums for other reasons.

Stock Exchange

A challenge on commissions

Is the Stock Exchange operating a cartel? Possibly, says the Office of Fair Trading, and duty sets in motion an elaborate procedure which could put the Stock Exchange's rule book and its commission rate structure in front of the Restrictive Practices Court. It could be two years before that happened, however.

Certainly, it is being seen as a long-term

threat at a time when the market has plenty of short-term problems to deal with. Moreover, since one of the results of the OFT's action might be forced abandonment of the fixed commissions structure, the Stock Exchange reckons it has a good defence in that the two-year-old era of negotiated commissions in New York has brought havoc to the market there in terms of the failure rate of brokerage houses.

If negotiated commissions were introduced in London under a Restrictive Practices Court edict there would undoubtedly be similar consequences. Whatever institutional investors may say now they would be bound to seek the best dealing price available, and in the fight for survival in a strictly competitive environment some brokers would be cutting commissions heavily.

It is clear, too, that under negotiated commissions the lobbying system which is unique to London would be placed under serious stress in its present form since pres-



Mr Gordon Borrie (left), director-general of the Office of Fair Trading, and Mr Nicholas Goodson, chairman of the Stock Exchange.

sure from brokers to act in a dual capacity role could become uncontrollable.

As the OFT starts detailed investigations, then, The Stock Exchange will be raising the spectre of the carnage that could result among member firms if fixed commissions have to go.

Company disclosure

Horses for courses

Prompted both by passed and intended EEC directives on Company Law, the Department of Trade is tinkering with a far more complex but fairer system of disclosure than exists under current legislation. Thus Mr Stanley Clinton Davis talking to the Industrial Society yesterday said that it may well be that the United Kingdom will move into a three-tier system of corporate disclosure: a shortened simplified form for small companies, an extended version of the currently required reports and accounts for medium sized companies and comprehensive accounts, on the lines suggested in the recent Green Paper, for large companies.

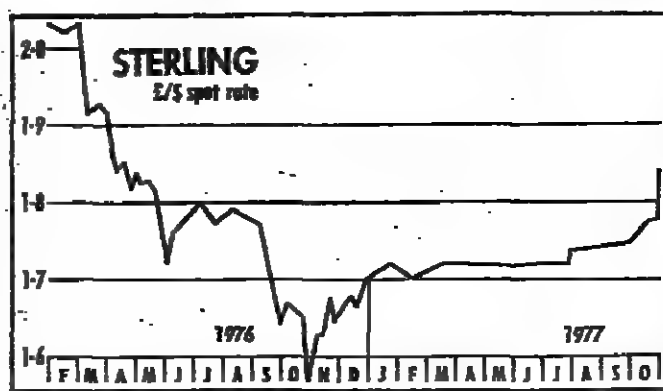
It would reduce substantially the problems of both the Accounting Standards Committee in drawing up rules for the presentation of accounts which must apply equally to large and small, and of the Auditing Practices Committee, which is still in the throws of producing strict guidelines for checking the disclosure a company has made.

But altering the rules on disclosure alone, will not be enough. It is impossible to divorce disclosure requirements from the requirements of company audits. Disclosure which is not audited is almost worthless, whereas auditing of unnecessary disclosure is expensive, time-wasting, and potentially misleading in that it may lead to a concentration on figures, which has no real reason to quality, yet, because of the smallness of the concern, cannot properly identify.

A solution would be to return to the position prior to the 1967 Company Act where very small companies were exempt from filing returns. But that would take away at least some protection to creditors. The department has so far set its face against a change in the form of incorporation for small companies which would keep limited liability but take away the need for a full audit. Accountants disagree over the merits of such a proposal while there are legitimate worries for two-tier disclosure for public companies. The whole question of disclosure and auditing is open to debate. It should not be left to the accountancy profession to put the only case.

David Blake takes a look at the reasons behind the decision to let the pound float

Mr Healey sticks to his monetary targets



The decision to let the pound float yesterday was forced on the authorities by the continuing inflows of recent weeks. But its true genesis goes back much further than that, to October, 1976, when minimum lending rate was raised to 15 per cent.

The meaning of this action was that under the pressure of financial crisis the Government intended to put observance of its monetary targets above everything else. The decision to let sterling go up means that even now that the external crisis has passed the money guidelines still have priority.

The first thing to realize is that the Treasury has not been converted to international monetarism, with its belief that a rise in the exchange rate is the means by which tight money supply targets cause lower inflation.

The old rules are still thought to apply, for every rise of 5 per cent in the exchange rate is the means by which tight money supply targets cause lower inflation.

Even the international monetarists themselves would concede that in the short-term the relation is not one to one. In their latest *Economic Outlook* the London Business School asserted that the anti-inflationary impact of a revaluation takes four years to come through fully, and that even after 18 months only half the effect has been felt.

Over the next year, the effect of any change in parity will be to add to the pressure on the inflation rate (though we can expect that to be exaggerated as much now in an effort to walk down union wage demands as it was dismissed earlier on an effort to justify the policy of holding the pound down).

The most obvious impact will instead be on our external account, with a leap in the terms of trade to a higher level leading to a larger surplus than expected over the next six months, followed by a downturn in the volume of exports.

Export volumes have been rising very sharply this year. This is no accident. It is a reflection of the competitive advantage which was gained in 1976 through the pound's slide. That slide reduced the relative price of British exports to little more than 85 per cent of the March, 1973, level, according to the index constructed by the Morgan Guaranty Trust.

Since then the pound has stopped falling and appreciated

by 14.9 per cent. The relative price index is now above 100 and will rise further as a result of the float.

Some of the loss of competitiveness shown by this was caused by an acceleration of inflation which was in turn caused by the high price of oil produced by the 1976 devaluation, but much of it comes from the fact that for 1977 as a whole the domestically generated rate of inflation has been higher than that of our trading partners or a time when our exchange rate has been tending to rise.

The ending of phase two of pay policy will almost certainly result in a renewed widening of this differential as pay settlements result in earnings increases of more than 10 per cent.

In the short-term therefore the effect will be to accentuate a loss of competitiveness which has been occurring already.

It is probably significant that the latest CBI Industrial Trends survey published today will show that 51 per cent of exporters now find their price is a major constraint on their ability to sell abroad, the highest figure recorded apart from one occasion in 1972 (when the figure was 63) and one in 1975.

The difference between then and now is that both those surveys came just as the pound was about to be allowed to slide to restore competitiveness; now it is about to go up because of the inflationary pressure. Some of the strain will be taken by profits and some by a fall in export volume and thus of output.

These are some of the points which make the Treasury unhappy about a switch to flexible exchange rates, but did they have any choice?

It has been clear for some time that the goals being pursued by the authorities were inconsistent. At the centre of these policies has been for some time the guideline that sterling should rise by only 5 per cent to 13 per cent over the current financial year.

This target first emerged at the end of last year when the International Monetary Fund visited London, but events since then turned it into a much tighter policy than originally expected.

The monetary growth this year was expected to be on top of a total sterling M3 stock of around £42,000m; in fact money supply under the Government's target for 1976-77 by just under £2,000m.

In most countries where monetary targets have been applied for a long period of time by authorities who really believe in them, the targets are rolled over, so that extra liquidity would have been left over monetary expansion this year to compensate for the 1976-77 undershoot.

In the United Kingdom the exact opposite has happened. Because the total money stock at the beginning of the year was lower than expected, the permissible increase in money supply during 1977-78 was also lower. That was one element making the target of the authorities more difficult.

As monetary targets become accepted as a continuing central part of economic policy, there ought to be some serious thinking about the form which they take, with a switch to rolling monetary targets so that one year's undershoot does not lead to an unintended tightening.

Such a switch is also desirable because the present system means that by the second half of the year the cards are stacked very heavily against the authorities in any particular month.

The fact that we are so far

into the year already meant that the Government could not really afford to experiment with one idea which does seem to have been considered, which was going above the 13 per cent guideline for a month or so and then allowing the outflows which would result to bring down the money supply.

For such a policy to have had even a chance of working it would have had to be continued for so long that the Government could not have been sure of bringing the money supply back within the guidelines.

More important than these problems of exactly what kind of money supply targets should be adopted have been the unexpected and unprecedented outflows. Money supply has two broad components: the domestic element, or government borrowings from banks and private bank lending; and the external one of net inflows (which add to the money supply) or outflows which reduce it.

The domestic side of the equation has been far smaller this year than expected, as one revision downwards of govern-

ment borrowing has succeeded another, but the forecasts on the external side have been wildly out.

The current account was expected to be around £1,000m in deficit and will turn out to be in surplus (due to a combination of domestic sluggishness and good external performance). The capital account was expected to be in deficit of the order of about £1,000m this year, whereas it will turn out to be massively in surplus unless the hot money which has flowed in flows out.

No one should be too censorious about these mistakes. Many of those who have said in recent months that the pound was undervalued and that huge inflows were inevitable argued after the IMF visit that not enough had been done and that

the fact that we are so far

a new sterling crisis would break. The Treasury's concern to restore confidence at the start of the year was understandable.

But when it became clear in July that the major hurdle for sterling—the breakdown of talks on a formal incomes policy to replace phase two—had been successfully surmounted, the authorities were slow to realize that in order to pursue their goals they would have to shift the emphasis of policy.

They seem to have considered a whole range of options and rejected all of them at the end of the day as either unworkable or politically undesirable.

For a long time the front runner seemed to be at least a partial easing on movement of capital out of the country, to balance the flows in. This was rejected for two reasons.

One was a fear that as soon as restrictions were lifted there would be huge flows of long-term capital out of the country, which would soon be followed by the hot money which had come in, provoking a sterling crisis all over again.

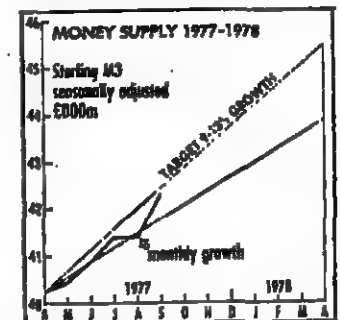
The other, which with the known opposition of the Labour Party to overseas investment seems to have been enough to kill the idea.

Restrictions on inflows do not seem to have been looked at as seriously. Technically they are messy and can be got round after a period of time, though by then the problem they are meant to cope with may have been resolved. The real objection seems to have been one of embarrassment; it looks very stupid to have controls to keep money out and to keep it in.

The other option for the Government was the one which they tried and which failed: lower short-term interest rates to discourage money coming in and keep the yield high on long-term stock to encourage the money that does arrive to stay out of the money supply.

As so often in the past, the lesson of the failure of this policy is that the power of markets is such that governments just do not have the staying power to outlast those speculating against them.

Now that the pound is rising, and likely to go even higher than its long-term equilibrium before it starts to fall again, we shall see how long the markets can endure uncertainty.



Preparing the ground for the two-week dole payout

Eric Wigham

are more problematical. The present weekly payments are made in arrears, so usually are not made until the end of the second week. He is expected to pay back the surplus. This may happen quite innocently if the job is unexpected, and there have been a number of cases of people returning to work on their own initiative. But the temptation to hold on to it is strong especially since there is usually a wait of a week before the first pay packet is handed out.

Eventually the joint working party was set up as an official and staff representative body. The payments are made by cheque sent by post to the unemployed the day after they register. To have the postage and reduce the preparatory work for a large proportion of them could well save general million pounds. Reductions among the staff

Large cash savings are certain. The payments are made by cheque sent by post to the unemployed the day after they register. To have the postage and reduce the preparatory work for a large proportion of them could well save general million pounds. Reductions among the staff

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new job openings, particularly if the employment centre and benefit office are in the same building, as many of them are. But the present computer-based job-finding arrangements enable the office to let people know when a suitable vacancy is reported and random inquiries may distract the staff from this systematic work.

It accompanied working party representatives to a pilot-scheme benefit office at Stepney, where it is divided from the employment centre only by a long passage.

Stepney is in an area where many of the unemployed are "hinterlands" staying at local lodging houses, and many others are merchant seamen, neither group suitable for fortnightly payments. The area covered is a compact one, so that fares to the office are not an important factor. One or two of those whom I spoke to travel to the office in their cars.

If recipients ask to go back to weekly payments, they are allowed to do so, but no one in a hundred has made the request. Most of them probably do not know that they can and regard the change as one of those unaccountable official aberrations which have to be accepted and made the best of.

Labour difficulties at the local post office caused delays in the arrival of the Giro cheques on one occasion, so that some were not there in time for the weekend shopping and

angry unemployed gathered in the office to complain. But generally the mechanism of the new system has worked smoothly.

One gain is to relieve pressure on those offices where the growth of unemployment has resulted in congestion. There was ample space and no queues to speak of when I was at Stepney.

There is still a possibility of a revival of the controversy over the plan. The unions have said they will submit a separate report from that of the working party if necessary and some CPSP branches have declared they will not implement the scheme if it is introduced nationally.

But while some Civil Service trade unions make the view that they are entitled to fight against Government policies which they think are mistaken and are against the interests of their members, others hold that in the end they have a duty to accept the decisions of the elected government of the day, however ill-advised, and to operate them to the best of their ability.

However, it is unlikely a national scheme will be introduced before September next year. There will be detailed consultations after the working party has reported, and the views of social welfare departments taken into consideration and some minor legislation will have to go through Parliament.

Business Diary: Hyde and seek • Reynolds' return

Bill Hyde, the chief accountant of Oxford University, is perhaps an unlikely fellow to chair a committee whose job it is to produce clear and simple guidelines for inflation accounting—but his acquaintance with practical matters began early.

Hyde is chairman of the sub-committee of the Accounting Standards Committee which is about to publish inflation accounting guidelines following his rejection last July of more complex proposals produced by Douglas Morphet's Inflation Accounting Steering Group.

The proposals of Morphet, a chartered partner of accountants PricewaterhouseCoopers, were turned down by the Institute of Chartered Accountants as so complex as to be unwieldy.

It has fallen to Hyde, who started as an office boy with the old Liverpool Gas Company and qualified in his spare time, to produce simpler proposals. They will cover much the same ground—cost of sales, additional appreciation and effects of inflation on debt—but will be supplementary to rather than a replacement of historic accounts. He acknowledges the debt to Morphet, and told Business Diary yesterday: "I feel a bit of a fraud. I have been chairman of a straightforward working party which did not have to do any fundamental work—was already done by the working committee. It was all there."



Bill Hyde in Oxford yesterday: deflating inflation accounting proposals.

After years of working for big organizations (British Home Stores as well as Spar), Reynolds, who prides himself as a negotiator, is setting up shop on his own.

"I had several attractive offers when I left Spar," he told Business Diary yesterday, "and I gave them all very careful consideration. I decided, finally, however, that what talents I have would be better employed, and I would, personally, find it more stimulating, dealing with a variety of companies."

Reynolds put up his plans yesterday at the offices of Robin Marler, the former Sex cricket captain-turned headhunter—and aims to help not only retailers but also the manufacturers against whom he pitted his wits for so long.

"Food and non-food suppliers spend a lot of money with the major retail outlets on such things as 'key money', product bonuses, and overriding discounts and it could be said that over the past couple of decades I have been responsible for extracting a lot of that cash from them," he says.

There are ways, Reynolds believes, in which the manufacturer could make less of this below-the-line money work harder for him, adding hastily that this would be to the benefit of the retailer as well.

Reynolds is already putting his theories into practice on a variety of fronts. He is helping Pearce Duff export their beef cubes, and advising Vickers, the Dutch suppliers of Chinese processed foods, who want to move into the United Kingdom.

He is also working for Italcons, the continental canned goods company, who want to develop an own-label range for British distributors as well as Spar Germany.

Reynolds claims access to anybody who is already in the retail trade in Europe. For four years he was chairman of Inter Group Trading, an international group marketing in Spar shops.

Seventy-seven Miss World finalists should be enough to draw even the most jaded of City people back to their particular part of London for the Lord Mayor's Show on Saturday week.

As a foretaste, Miss United States, Miss Australia, Miss Liberia and Miss Venezuela were among those at the preview of the procession given by the Lord Mayor elect, Air Commodore Peter Vaneck, at the Fishmongers' Hall, yesterday.

All 77 will ride by on the day in two open-topped buses. Competing for attention will be the advance guard of Vaneck yesterday were Walt Disney characters including two mice, a dragon-fly and an albatross about eight feet high. If the entertainment value of this year's procession will be high, it has a serious theme: "Service and the City", Vaneck says.

He has strong links with two of the armed forces, serving as a regular in the Royal Navy during the war and sub-

sequently in the Royal Auxiliary Air Force, of which he became honorary inspector general with the rank of honorary Air Commodore. Part of his procession will therefore be devoted to the defence services.

Some of the aircraft Vaneck learnt to fly, including the Seafire, the sea-going version of the Spitfire and the Sea Fury, will feature in the procession along with the latest aircraft weapons systems.

Flying overhead will be Nimrod and Meteor aircraft. Vaneck, now a senior partner of stockbrokers Rowe Monson, flew a Meteor in an aerobatic team, and has the Air Force Cross.

Another feature of the show will be a flypast of six light aircraft of the Tiger Club, of which he is a member.

In all there are 47 floats in the show, and 18 bands, mostly from the services. There will be 2,500 people taking part in the show, with the procession about 3,000 yards long, taking 33 minutes to pass.

The themes for the annual show, which is primarily intended for those who live in, work in, or identify with the City, are chosen by the Lord Mayor and usually reflect his personal as well as City interests.

set-up. Hans Tauscher, 45, the present general manager of the commercial vehicle division will join the board as director of operations. It will be his job to establish a network of regional offices handling both commercials and vans.

Until now Mercedes has kept the two quite separate because it feared that the profitable car business would suffer if too closely allied to the newer and struggling trucks and vans.

With the parent Daimler-Benz counted to a £1,500m expansion and with their commercials well established in Britain, the company wants to make better use of available management talent.

Tauscher left East Germany as an 18-year-old. He is not happy about giving details because those who helped him could still get into trouble. "Let's just say I came out before they really sealed the border."

He came to Britain in 1968 to work for the newly created Ford of Europe and met his English wife, Eileen, at Ford's Warley headquarters. Today he is described by colleagues as "more English than the English—he even thinks in English".

Anybody knew of a company with a longer title than this Algerian one—Société Nationale pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures?

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NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of December 2, 1974 between Standard Oil Company (an Indiana corporation) and The Chase Manhattan Bank (National Association), as Trustee, \$900,000 in aggregate principal amount of the above-captioned Debentures will be redeemed for the sinking fund on December 1, 1977 at the redemption price of 100% of the principal amount thereof, together with accrued interest to December 1, 1977.

The numbers of the Debentures to be redeemed are as follows:

40	2491	8216	7588	8882	12012	14811	18800	19094	21477	23351	25684	28491	30615	33108
55	2682	8252	7608	8885	12078	14844	18818	19073	21801	23325	25749	28627	30682	33109
70	2859	8238	7629	8957	12078	14881	18890	19092	21835	23327	25750	28627	30682	33109
85	3038	8266	7643	8990	12116	14900	18902	19092	21835	23327	25750	28627	30682	33109
100	3219	8280	7657	9023	12154	14919	18914	19092	21835	23327	25750	28627	30682	33109
115	3399	8294	7671	9056	12192	14938	18926	19092	21835	23327	25750	28627	30682	33109
130	3580	8294	7685	9089	12230	14957	18938	19092	21835	23327	25750	28627	30682	33109
145	3760	8308	7699	9122	12268	14976	18950	19092	21835	23327	25750	28627	30682	33109
160	3941	8322	7713	9155	12306	14995	18962	19092	21835	23327	25750	28627	30682	33109
175	4121	8336	7727	9188	12344	15014	18974	19092	21835	23327	25750	28627	30682	33109
190	4302	8350	7741	9221	12382	15033	18986	19092	21835	23327	25750	28627	30682	33109
205	4482	8364	7755	9254	12420	15052	18998	19092	21835	23327	25750	28627	30682	33109
220	4663	8378	7769	9287	12458	15071	19010	19092	21835	23327	25750	28627	30682	33109
235	4843	8392	7783	9320	12496	15090	19022	19092	21835	23327	25750	28627	30682	33109
250	5024	8406	7797	9353	12534	15109	19034	19092	21835	23327	25750	28627	30682	33109
265	5204	8420	7811	9386	12572	15128	19046	19092	21835	23327	25750	28627	30682	33109
280	5385	8434	7825	9419	12610	15147	19058	19092	21835	23327	25750	28627	30682	33109
295	5565	8448	7839	9452	12648	15166	19070	19092	21835	23327	25750	28627	30682	33109
310	5746	8462	7853	9485	12686	15185	19082	19092	21835	23327	25750	28627	30682	33109
325	5926	8476	7867	9518	12724	15204	19094	19092	21835	23327	25750	28627	30682	33109
340	6107	8490	7881	9551	12762	15223	19106	19092	21835	23327	25750	28627	30682	33109
355	6287	8504	7895	9584	12800	15242	19118	19092	21835	23327	25750	28627	30682	33109
370	6468	8518	7909	9617	12838	15261	19130	19092	21835	23327	25750	28627	30682	33109
385	6648	8532	7923	9650	12876	15280	19142	19092	21835	23327	25750	28627	30682	33109
400	6829	8546	7937	9683	12914	15299	19154	19092	21835	23327	25750	28627	30682	33109
415	7009	8560	7951	9716	12952	15318	19166	19092	21835	23327	25750	28627	30682	33109
430	7190	8574	7965	9749	12990	15337	19178	19092	21835	23327	25750	28627	30682	33109
445	7370	8588	7979	9782	13028	15356	19190	19092	21835	23327	25750	28627	30682	33109
460	7551	8602	7993	9815	13066	15375	19202	19092	21835	23327	25750	28627	30682	33109
475	7731	8616	8007	9848	13104	15394	19214	19092	21835	23327	25750	28627	30682	33109
490	7912	8630	8021	9881	13142	15413	19226	19092	21835	23327	25750	28627	30682	33109
505	8092	8644	8035	9914	13180	15432	19238	19092	21835	23327	25750	28627	30682	33109
520	8273	8658	8049	9947	13218	15451	19250	19092	21835	23327	25750	28627	30682	33109
535	8453	8672	8063	9980	13256	15470	19262	19092	21835	23327	25750	28627	30682	33109
550	8634	8686	8077	10013	13294	15489	19274	19092	21835	23327	25750	28627	30682	33109
565	8814	8700	8091	10046	13332	15508	19286	19092	21835	23327	25750	28627	30682	33109
580	8995	8714	8105	10079	13370	15527	19298	19092	21835	23327	25750	28627	30682	33109
595	9175	8728	8119	10112	13408	15546	19310	19092	21835	23327	25750	28627	30682	33109
610	9356	8742	8133	10145	13446	15565	19322	19092	21835	23327	25750	28627	30682	33109
625	9536	8756	8147	10178	13484	15584	19334	19092	21835	23327	25750	28627	30682	33109
640	9717	8770	8161	10211	13522	15603	19346	19092	21835	23327	25750	28627	30682	33109
655	9897	8784	8175	10244	13560	15622	19358	19092	21835	23327	25750	28627	30682	33109
670	10078	8798	8189	10277	13598	15641	19370	19092	21835	23327	25750	28627	30682	33109
685	10258	8812	8203	10310	13636	15660	19382	19092	21835	23327	25750	28627	30682	33109
700	10439	8826	8217	10343	13674	15679	19394	19092	21835	23327	25750	28627	30682	33109
715	10619	8840	8231	10376	13712	15698	19406	19092	21835	23327	25750	28627	30682	33109
730	10799	8854	8245	10409	13750	15717	19418	19092	21835	23327	25750	28627	30682	33109
745	10980	8868	8259	10442	13788	15736	19430	19092	21835	23327	25750	28627	30682	33109
760	11160	8882	8273	10475	13826	15755	19442	19092	21835	23327	25750	28627	30682	33109
775	11341	8896	8287	10508	13864	15774	19454	19092	21835	23327	25750	28627	30682	33109
790	11521	8910	8301	10541	13902	15793	19466	19092	21835	23327	25750	28627	30682	33109
805	11702	8924	8315	10574	13940	15812	19478	19092	21835	23327	25750	28627	30682	33109
820	11882	8938	8329	10607	13978	15831	19490	19092	21835	23327	25750	28627	30682	33109
835	12063	8952	8343	10640	14016	15850	19502	19092	21835	23327	25750	28627	30682	33109
850	12243	8966	8357	10673	14054	15869	19514	19092	21835	23327	25750	28627	30682	33109
865	12424	8980	8371	10706	14092	15888	19526	19092	21835	23327	25750	28627	30682	33109
880	12604	8994	8385	10739	14130	15907	19538	19092	21835	23327	25750	28627	30682	33109
895	12785	9008	8399	10772	14168	15926	19550	19092	21835	23327	25750	28627	30682	33109
910	12965	9022	8413	10805	14206	15945	19562	19092	21835	23327	25750	28627	30682	33109
925	13146	9036	8427	10838	14244	15964	19574	19092	21835	23327	25750	28627	30682	33109
940	13326	9050	8441	10871	14282	15983	19586	19092	21835	23327	25750	28627	30682	33109
955	13507	9064	8455	10904	14320	15999	19598	19092	21835	23327	25750	28627	30682	33109
970	13687	9078	8469	10937	14358	16018	19610	19092	21835	23327	25750	28627	30682	33109
985	13868	9092	8483	10970	14396	16037	19622	19092	21835	23327	25750	28627	30682	33109
1000	14048	9106	8497	11003	14434	16056	19634	19092	21835	23327	25750	28627	30682	33109
1015	14229	9120	8511	11036	14472	16075	19646	19092	21835	23327	25750	28627	30682	33109
1030	14409	9134	8525	11069	14510	16094	19658	19092	21835	23327	25750	28627	30682	33109
1045	14590	9148	8539	11102	14548	16113	19670	19092	21835	23327	25750	28627	30682	33109
1060	14770	9162	8553	11135	14586	16132	19682	19092	21835	23327	25750	28627	30682	33109
1075	14951	9176	8567	11168	14624	16151	19694	19092	21835	23327	25750	28627	30682	33109
1090	15131	9190	8581	11201	14662	16170	19706	19092	21835	23327	25750	28627	30682	33109
1105	15312	9204	8595	11234	14700	16189	19718	19092	21835	23327	25750	28627	30682	33109
1120	15492	9218	8609	11267	14738	16208	19730	19092	21835	23327	25750	28627	30682	33109
1135	15673	9232	8623	11300	14776	16227	19742	19092	21835	23327	25750	28627	30682	33109
1150	15853	9246	8637	11333	14814	16246	19754	19092	21835	23327	25750	28627	30682	33109
1165	16034	9260	8651	11366	14852	16265	19766	19092	21835	23327	25750	28627	30682	33109
1180	16214	9274	8665	11399	14890	16284	19778	19092	21835	23327	25750	28627	30682	33109
1195	16395	9288	8679	11432	14928	16303	19790	19092	21835	23327	25750	28627	30682	33109
1210	16575	9302	8693	11465	14966	16322	19802	19092	21835	23327	25750	28627	30682	33109
1225	16756	9316	8707	11498	15004	16341	19814	19092	21835	23327	25750	28627	30682	33109
1240	16936	9330	8721	11531	15042	16360	19826	19092	21835	23327	25750	28627	30682	33109
1255	17117	9344	8735	1										

MALAYALAM PLANTATIONS

LIMITED

Issued Capital... £2,718,032 in 10p shares
Secretaries and Agents
Harrisons & Crosfield, Limited

PROFIT AND DIVIDEND		Year ended	
		31.3.77	31.3.78
Remittances from India	£102,433	£718,812	
Profit earned in the U.K.	136,365	74,521	
Total	£238,798	£793,333	
Taxation	89,405	198,187	
Transfer from General Reserve	£149,392	£587,146	
Dividends for year (1.15p per share)	£312,574	£397,512	

CROPS HARVESTED		Year ended	
		31.3.77	31.3.78
Tea—kg.	12,237,800	10,666,700	
Rubber—kg.	7,201,700	6,626,700	

PLANTED ACREAGE
Tea and Rubber—40,190 acres

Annual General Meeting—24th November 1977

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Bear closers keep index above 500

Faced with the major government decision to let sterling rise shares fully vindicated the bearish case by finding support at around 500 on the FT Index after suffering an early slump.

Though this early reaction was the reverse of that which occurred when a similar move was made at the end of July most were not surprised because of the adverse effect on the major exporting companies of a firmer pound.

Set against an already indifferent outlook for corporate profits in general, the move brought a heavy bout of early selling and by 1 pm the FT Index was 12.4 lower at 486.9. But thereafter a combination of

"bear" closing and bargain hunting lifted prices over a broad front and by the close the index was just 3.8 off at 505.5.

While a firmer pound is likely to mean an end to thoughts of still lower interest rates the general implications of the move are far more favourable for the gilberted market and this was reflected in a strong performance.

The move goes a long way towards resolving the fixed-interest market's doubts over

Exchange lower by 6p to 364p, Sun Alliance off 5p to 620p and Royal down 4p to 434p.

Major exporters to lose ground included Bectham, down 10p to 637p, Unilever 12p to 572p, BAT Industries 12p to 285p and BSR which slipped 10p to 109p.

In the food sector Rowntree, another exporter, dipped 5p to 420p, while elsewhere in that sector George Sasse rose 2p to 140p on favourable comment and for the reverse reason Thos Berwick dropped 9p to 81p. Tate & Lyle continued to lose ground after the price of sugar and shed another 6p for a close at 200p.

Takeover activity featured coin dealer Spink & Son, which jumped to 306p, at one stage on last week's news that more than one party might be interested in takeover. The shares closed 13p to the good at 288p. Graham Wood attracted speculative support rising 11p to 56p while Ryde was another in demand finishing 14p ahead at 85p.

In electricals United Scientific soared 16p to 243p on a dividend burst boosting prices issue and Electrocronics firmed 3p to 289p after figures. Exporter Thos, however, had an unhappy time losing 12p to 42p. An adverse circular hit shipping shares with British & Commonwealth losing 6p to 280p, P & O 3p to 116p, James Fisher 6p to 122p, Ocean Transport 4p to 129p and Hunting (Globe) 5p to 235p. Stocks generally lost ground with typical performances coming from Gus "A", down 6p to 332p and Mather & Platt 3p to 204p. But Hepworth rose 3p to 69p after the capital plans gave rise to talk of a takeover. Though the fall in interest rates may be over property shares

First thoughts about Chloride Group recovering strongly from its long strike are giving way to second ones. There is now an impression that the strike hurt, and that the group will this year to March 31 next be hard put to it to match the 125.4m of profits made the year before. The shares have weakened from 121p at the beginning of September to 101p now, but "cheap buyers" are inclined to hold off until the interim bulletin next month is out.

the money supply and though a little off the top as profits were taken long dates closed with gains up to a point and three quarters. A largely neglected shorter end was mostly at around overnight levels.

Because of their high content of overseas earnings insurance shares did not join the afternoon rally. Among the worst hit were brokers CE Heath, off 13p to 222p, Alexander Howden 11p to 159p, Willis Faber 10p to 268p, Sedwick Forbes 6p to 315p and Hogg Robinson which dipped 7p to 169p.

The composites did not escape the trend with Guardian Royal

Up 20p to 150p in the last two trading days has gone Wolf Electric Tools. Though the market is small demand has been persistent and sellers hard to find. The world is that current trading is very strong and benefiting from a strong export content. There was no specific talk of a bid though some would not discount it altogether.

early 3p rise when it was learned that there might be a third possible contender. York Trailer rose 6p to 76p on nine-month figures and a scrip Equity turnover on October 25 was £10.2m (18,435 bargains). According to Exchange Telegraph active stocks yesterday were ICI, Shell, BAT Inds, Bectham, Distillers, P & O, BP, Gus "A", Grand Metropolitan, GKN, Dunlop, Imperial Group, Spink & Son, De Beers, Mills & Allen, United Scientifics, CE Heath and Orme Developments.

Latest results

Company	Sales	Profits	Earnings	Div	Pay	Year's
£m	£m	per share	per share	pence	date	total
R. H. Cole (I)	12.5(1.1)	0.78(0.34)	—	1.68(1.5)	12/12	—(3.3)
Ch. Is. Int. Inv (I)	—	0.05(0.05)	—	—	—	—(12.3)
Electrocronics (I)	15.2(5.8)	3.1(1.5)	—	—	—	—
Foodstuffs (I)	—	0.51(0.43)	—	1.4(1.0)	30/11	2.4(1.9)
R. Goodwin (I)	3.7(3.1)	0.40(0.28)	2.23(1.84)	0.50(0.5)	7/12	0.50(0.5)
Graig Shipping (I)	—	0.28(0.24b)	—	4.0(5.0)	15/12	—
Manchall Bridge (I)	—	5.3(4.9)	—	2.4(2.15)	—	—
McNell Grey (I)	6.5(7.7)	0.30(0.28)	—	11(11.25)	—	—(2.8)
Preston Mines (I)	—	—	—	35(—)	30/12	—
Rio Algom (I)	4.3(3.3)	0.40(0.18)	5.2(2.2)	54(—)	29/12	106(100)
SBK (I)	—	0.7(3.34d)	4.32(8.94d)	24(2.2)	24/12	—
Sorce (I)	—	0.17(0.22)	3.49(4.88)	—	—	—(5)
Unilever (I)	5.4(5.4)	—	—	—	—	—(2.75)

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross in multiply the net dividend by 1.515. Profits are shown pre-tax and earnings are net. a Forecast. b Loss. c Renda. d For 15 months.

Utd Scientific's £2m US takeover

By Victor Feiststead

With plans for a £1.7m rights issue, comes the news that United Scientific Holdings is to make a major takeover in the United States. The shares jumped by 16p to 243p yesterday.

United has signed a conditional contract with the principal shareholders in Optic Electronic Corporation of Dallas to buy "not less than 80 per cent" of Optic's capital.

Under the terms, United will buy the shares at an estimated price of US \$12.15 a share, which is a variation within the range \$11 to \$13.30, depending on the final audited figures for the half-year to September 30 last.

The total price is expected to be "in the region of \$1m", which is about £2m—depending on the percentage bought.

The importance of this takeover can be judged from the fact that Optic's main customer is the United States Defence Department, which accounts for over 90 per cent of the order book.

It designs and manufactures optical and mechanical fire control equipment for tanks, self-propelled artillery and guided missiles.

Optic is also the largest inte-



Mr. John Robertshaw, chairman.

grated electro-optical manufacturing facility in the United States, supporting the military, navigation, guidance and fire control market at both Government, prime and first sub-contractor level.

It is the main contractor for fire control equipment for the M60 tank, the United States main battle tank.

The United States concern's pre-tax profits are about \$1m annually and assets are \$1.9m.

Mr Peter Levene, United's managing director, said the two companies together were probably the largest of their type in the world. The potential in export markets was "just enormous".

United's board will recommend shareholders to grant an option to executive directors of Optic on 160,000 United shares—about 2 per cent of the subsidiary equity. The price would be 135p per share, the market price of United's shares immediately before the announcement of the takeover.

United's issue will be at 165p a share on the basis of one share for every eight held. The dividend will rise to 2.99p gross on the bigger capital for the year to September 30, 1978. Treasury permission has been given. The total payment for 1977-78 United paid a total of 2.94p gross.

United has established a position as a major supplier to overseas governments for optical fire control instruments.

The ownership of a manufacturing facility in the United States will go a long way to help in the acceptance of equipment of United's design and manufacture in that country.

Stock Exchange calls a halt on dealings of Carborundum

A temporary suspension of the dealings of the Carborundum Company of America, 3.30 pm in London yesterday pending the lifting of the trading halt on the New York Stock Exchange.

The group produces a variety of materials and equipment in four categories, principally abrasives. It has received a formal proposal offering to purchase any or all of the outstanding shares of the company.

The board is now considering the proposal. It is expected that an announcement of the board's decision will be made in the next few days.

The group declined to reveal the name of the company involved, or details of the proposal.

Earlier this year, Carborundum announced that it had acquired more than 90 per cent of the shares tendered by Weyburn Engineering Company. The group has plants in Britain, United States and West Germany.

Peugeot-Citroën

In the first half of this year, Peugeot-Citroën, the French car manufacturers showed a provisional net profit of \$4m francs (about £6m).

There is no comparison as the group was set up last year as the result of a merger. In the first half of 1976 Peugeot SA reported profits of 113.8m francs and Citroën SA 2.88m.

Int Pirelli boost

Internazionale Pirelli SA says that sales of its subsidiaries in the first nine months this year were higher than in the same

1976 period, even when expressed in Swiss francs, but gave no figures. Results overall were satisfactory, the company said.

In a statement after its annual meeting, for the year to June 30 the company is paying a 15 Swiss franc dividend against 14 francs in the previous year and 10 francs of net profits of 37.5m Swiss francs (about £8m) against 30.72m francs.

Rio Algom ahead

Rio Algom, the 51 per cent owned Canadian subsidiary of the United Kingdom mining house Rio Tinto-Zinc, increased consolidated net earnings in the third quarter of the year by 14 per cent from C\$7.97m to C\$9.07m. Profits for the nine months to the end of September have risen by 41 per cent to C\$34.3m. A dividend of 54 cents a share has been declared.

Regulations of uranium export contract prices and increased earnings in the steel operations have mainly been responsible for the nine-month increase. Earlier in the year Rio Algom made it clear that a significant part of increased uranium revenue was of a non-recurring nature.

Swiss Bank Corp

Swiss Bank Corporation says that its balance sheet rose by 3.5 per cent in the third quarter to 55,600m Swiss francs (about £13,500m) from 53,700m Swiss francs in the previous quarter. The bank, one of Switzerland's big three, said that customers' deposits rose 2.9 per cent in the third quarter to a record 29,900m francs from 29,000m. Total advances to customers rose by 3 per cent

to 20,000m francs from 19,500m. The total due from banks rose 6.1 per cent to 26,000m francs.

Lockheed exports

Half of the Lockheed Corporation's order book, worth \$4,000m (about £2,352m) is for overseas customers and only 43 per cent for the United States government. The other 17 per cent goes to American commercial customers. This is revealed in the company's third quarter results for the year to September 25 which produced net earnings of \$21.9m compared to \$9.1m in the same quarter last year. Total net earnings for the first nine months were \$47.4m (\$31.3m). Increased profits were attributed principally to increased sales and profits on the C-130 Hercules transport (major parts of which are produced by British Aerospace at Prestwick), the Trident submarine-launched ballistic missile and several overseas service contracts.

Hudson Bay Mining

Hudson Bay Mining and Smelting, part of the Anglo American Corporation of South Africa operations in Canada, has passed its quarterly dividend following a third quarter loss of C\$2.38m compared with a restated loss of \$1.64m in the same period last year. The loss has reduced the net earnings for the nine months to the end of September to \$5.01m compared with a restated \$3.26m last year. Losses on the base metals side and, to a lesser extent, in fertilizer's offset profits from the industrial interests and oil and gas.

The List of Applications will open at 10 a.m. on Thursday, 3rd November, 1977, and will close at any time on the same day.

This issue is made in accordance with a General Consent given by the Treasury under the Control of Borrowing Order, 1968, and the Control of Borrowing Regulations, 1968.

Application has been made to the Council of the Stock Exchange for the Stock being issued to be admitted to the Official List.



GRAMPIAN REGIONAL COUNCIL

ISSUE OF
£10,000,000 GRAMPIAN
REGIONAL COUNCIL

10½ per cent. Redeemable Stock, 1985

Authorized by the Grampian Regional Council and issued in accordance with the provisions of the Local Government (Scotland) Act, 1975, and the Local Authority Stocks and Bonds (Scotland) Regulations, 1976.

Price of Issue £99 per cent.

PAYABLE AS FOLLOWS:

On Application	£10 per cent.
On 28th November, 1977	£10 per cent.
On 14th February, 1978	£10 per cent.

Interest (less income tax) will be payable half-yearly on 1st March and 1st September, 1978, at the rate of 10½ per cent (plus income tax) per £100 Stock.

The Stock is an investment falling within Part II of the First Schedule to the Finance Act, 1975.

In accordance with Regulations passed by the Grampian Regional Council on 18th September 1977, the Council has authorized the issue of the above amount of Stock at the new issue Department, 30 Leith Street, Glasgow G1 1LE.

1. Security. The Stock and the interest thereon will be secured upon the whole of the assets of the Council and will rank pari passu with the existing and future debt of the Council.

2. Provision for Redemption of Loans.—The Regional Council is required by Act of Parliament to make annual provision towards redemption of loans raised for capital expenditure.

3. Interest.—The interest on the Stock will be payable half-yearly on 1st March and 1st September, 1978, at the rate of 10½ per cent (plus income tax) per £100 Stock.

4. Redemption.—The Stock will be redeemed at par on 1st March 1985, unless previously redeemed or repurchased by the Council.

5. Transferability.—The Stock when fully paid, will be registered and transferable free of charge, in multiples of one pound, by instrument in writing to the Registrar of Companies, 25 Abchurch Lane, London EC4N 3DF.

6. Redemption.—The Stock will be redeemed at par on 1st March 1985, unless previously redeemed or repurchased by the Council.

7. Redemption.—The Stock will be redeemed at par on 1st March 1985, unless previously redeemed or repurchased by the Council.

8. Redemption.—The Stock will be redeemed at par on 1st March 1985, unless previously redeemed or repurchased by the Council.

9. Redemption.—The Stock will be redeemed at par on 1st March 1985, unless previously redeemed or repurchased by the Council.

10. Redemption.—The Stock will be redeemed at par on 1st March 1985, unless previously redeemed or repurchased by the Council.

11. Redemption.—The Stock will be redeemed at par on 1st March 1985, unless previously redeemed or repurchased by the Council.

12. Redemption.—The Stock will be redeemed at par on 1st March 1985, unless previously redeemed or repurchased by the Council.

13. Redemption.—The Stock will be redeemed at par on 1st March 1985, unless previously redeemed or repurchased by the Council.

14. Redemption.—The Stock will be redeemed at par on 1st March 1985, unless previously redeemed or repurchased by the Council.

15. Redemption.—The Stock will be redeemed at par on 1st March 1985, unless previously redeemed or repurchased by the Council.

16. Redemption.—The Stock will be redeemed at par on 1st March 1985, unless previously redeemed or repurchased by the Council.

17. Redemption.—The Stock will be redeemed at par on 1st March 1985, unless previously redeemed or repurchased by the Council.

18. Redemption.—The Stock will be redeemed at par on 1st March 1985, unless previously redeemed or repurchased by the Council.

19. Redemption.—The Stock will be redeemed at par on 1st March 1985, unless previously redeemed or repurchased by the Council.

20. Redemption.—The Stock will be redeemed at par on 1st March 1985, unless previously redeemed or repurchased by the Council.

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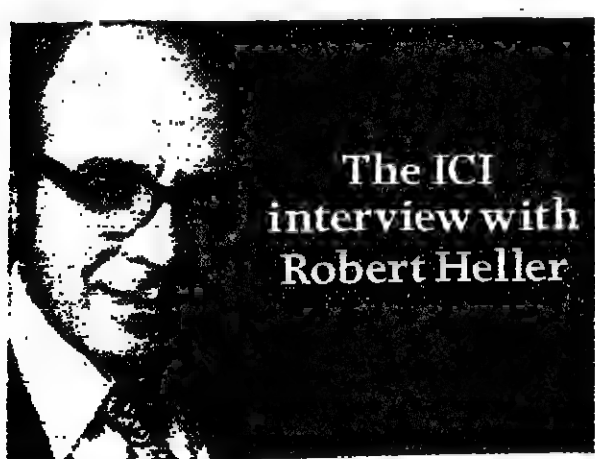
15/11/77



Scientists from ICI's Brixham Laboratory take samples from an estuary

'It's our belief that the environment should be free from hazard and pleasant to live in.'

Philip Chipperfield, ICI



The ICI interview with Robert Heller

Environmental pollution has become a "cause celebre" in recent years. There have been some visible improvements - the air in our cities is measurably cleaner. But what about other, less obvious types of pollution? To find out how ICI is tackling one aspect of the problem, Robert Heller questioned Philip Chipperfield, Head of ICI's Brixham Laboratory, one of the world's leading authorities on dealing with water pollution.

Heller: To many men in the street, the industrial company is seen as a kind of blundering, selfish oaf who given half a chance would have the entire planet polluted.

Chipperfield: That's really an illogical idea when you come to examine it... after all, industry consists of ordinary people who share, with the public at large, a growing awareness of the need to preserve the natural order of things. Dealing with pollution involves a strong element of self-preservation which some conservationists don't I think, appreciate.

Heller: But accidents can still happen - either from ignorance or sheer mishap.

Chipperfield: Of course. But one of the things I've seen develop over the years, not only within ICI, but with all major chemical companies, is a much greater awareness by all people in a plant of the hazards involved, and of the importance of following the correct procedures.

Heller: To avoid prosecution?

Chipperfield: More than that - social responsibility is involved, as well as the law and economics. In fact, industry's record in Britain is pretty good and certainly at least equal to any other country.

Heller: How can one measure the reduction of pollution?

Chipperfield: Over the past seven to eight years there has been a constant improvement - at the present time over 86% of the 17,000 miles of rivers in England and Wales are classified by the Department of the Environment in the two top classes of purity and less than 4% are considered badly polluted.



Dr. Philip Chipperfield. "In Britain our anti-pollution record is pretty good."

Heller: Let's get down to specifics. What exactly do you do here at Brixham?

Chipperfield: For many years ICI was the only company actively involved in the whole field of water pollution research. We began in the early 1950's. Our main job is to provide all parts of the company with a comprehensive advisory and investigatory service on the treatment and disposal of liquid wastes and related problems. This involves hydrographical, biological and chemical surveys of the discharges of effluents into rivers, estuaries and coastal waters - using our own mini-hovercraft and diving team when necessary. Then there is the detailed lab work - investigating the possible effects of effluent and chemical products on fish, or sewage treatment processes, for instance.

Heller: What other things do you do?

Chipperfield: We also supply an external consultancy and information service to other industries, consulting engineers, water authorities and so on. And we work closely with national and international trade associations and with government departments.

Heller: Has legislation added vastly to the costs of constructing chemical plants in this country?

Chipperfield: Effluent treatment and disposal, in terms of overall capital cost, can range from under 2% to 15% of a particular investment. But it's very difficult to disentangle the direct effect of legislation from the belief, certainly in ICI, that the environment should be free from hazard and pleasant to live and work in. Clearly, it is no more desirable or necessary to live in filth and squalor industrially than in the home.

Heller: Is there any new treatment technique that has been developed recently in the laboratory, which enables you to do things you couldn't do before?

Chipperfield: Well, our principal contribution to biological treatment we call Flocor. Basically it's a

kind of corrugated plastic, which the effluent flows over; the plastic holds a film of bacteria in contact with the water flowing over it. These bacteria take in oxygen and oxidise the effluent as food, producing water and carbon dioxide. Distilleries, breweries, food industries, organic chemicals industries use it.



Brixham provides a comprehensive advisory and investigatory service on the treatment of liquid waste.

Heller: Has your work here at Brixham become in a sense easier today? Presumably most of the problems you see have been answered before in some way?

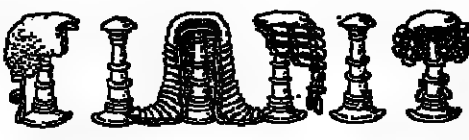
Chipperfield: While there's still much to do, we in Britain can be reasonably well satisfied with what's happened so far. It's now a question of constant improvement.

Ideas in action





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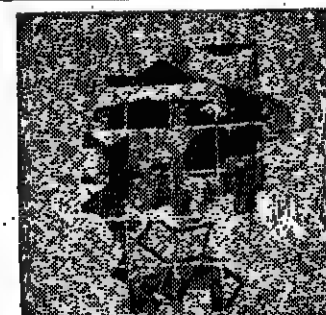
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Company Petition 1977
Connected with
Company Application No. 302
of 1977.
IN THE HIGH COURT at CALCUTTA
IN THE MATTER OF THE COMPANIES ACT, 1956 for the winding up of the company known as THE MEENGLASS TEA COMPANY LIMITED.
The petitioners are the shareholders of the company known as THE MEENGLASS TEA COMPANY LIMITED, who are entitled to the winding up of the company.

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IN THE MATTER OF THE COMPANIES ACT, 1956 for the winding up of the company known as THE MEENGLASS TEA COMPANY LIMITED.

The petitioners are the shareholders of the company known as THE MEENGLASS TEA COMPANY LIMITED, who are entitled to the winding up of the company.

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If the European Community is not to stagnate it must mobilize popular support

Consumers must be given a voice inside the councils of the EEC

One of the most persistent criticisms of the European Economic Community is that it acts as a giant producers' cartel. And it is true that, despite the efforts of the past few years, the voice of the consumer is still far too weak in Brussels.

The founding fathers of the EEC would not have understood this criticism. Surely, they would have said, the mere creation of a common European market would ensure that the forces of competition would work to the consumer's benefit, breaking up national cartels and guaranteeing efficient and customer-oriented firms bigger outlets.

We know now that life is not so simple. If he is to exercise his rights, the consumer needs more information than the market sometimes gives him. Paradoxically, harmonization measures designed to facilitate the movement of goods across national frontiers often work to the consumer's detriment, by imposing standardization and reducing the range of choice. Who feels enthused by "Eurobread" or "Eurobeer"? Moreover, the most important area of Community intervention in the market—the Common Agricultural Policy—is one where the voice of the consumer has until recently been virtually absent. Food prices throughout the EEC are determined by ministers whose collective interest is to protect the incomes of farmers. Only in the United Kingdom does the agriculture minister have the interests of the food consumer written into his brief; and not all British farm ministers have taken that part of their responsibilities too seriously hitherto (though Mr Silkin may be an exception).

Again, if one looks at the resources within the Commission devoted to consumer protection against those devoted to producers' interests, the disparity is evident. Consumer affairs are dealt with as part of the modestly-staffed Environment and Consumer Protection Service, and the number of administrative staff involved is in single figures. This is minute compared to the large numbers employed in the directorates-general for Agriculture or the Internal Market and Industrial Affairs.

Similarly, in the Economic and Social Committee—the main consultative body on EEC policy—two thirds of the seats are held by representatives of trade unions or employers' organizations, while the consumer representatives have to share their quota of seats in the third block with a wide range of other groups such as teachers, local government, the professions and farmers.

It has to be said, however, that one main reason for this discrepancy is the weakness of the consumer organizations themselves throughout Europe compared for example with the trade union and employers' groups. It is only in the past few years that the different national consumer groups in the EEC have combined to establish an effective Brussels office, and it is still modestly staffed.

The contribution of British representatives to BEUC (the European Consumer Bureau), particularly that of the Consumers' Association, has been significant. This is one area where it can be said that the United Kingdom has played a positive role of leadership within the European

Measures designed to facilitate movement of goods across national frontiers often work to the consumer's detriment by reducing the range of choice

Community. Eirlys Roberts, the British director of BEUC, who is about to retire, has been a doughty fighter on behalf of consumers in the corridors of power in Brussels.

But it has been, and remains, a battle against heavy odds. Merely to keep track of the vast number of directives and proposals affecting the consumer which are milling around in the Brussels machine requires more resources than currently exist in BEUC; and for effective representation of consumer interests in such sensitive areas as the Common Agricultural Policy or harmonization of standards of industrial products, present resources are manifestly inadequate.

In fact, the present is a good time to review these resources, for a number of reasons. First, some encouraging noises have been coming out of the Commission itself. The Commissioner for Agriculture, Mr Finn Gundelach, has called for a bigger contribution from consumers to the debate on the EEC's agricultural objectives, and for positive suggestions for the reform of the Common Agricultural Policy. The British Commissioner for

the Budget, Mr Christopher Tugendhat, has spoken in the same vein. It is important that Europe's consumer organizations should be able to respond to these invitations—for they have not been all that frequent in the past. It is important, too, that the Commission be pressed to fill speedily the vacancies which still exist in the Consumer Protection Directorate, and that new life be instilled into the Consumer Consultative Committee, which the Commission appointed to advise it in October 1973.

It must now be clear to everybody that if the EEC is to do more than stagnate, it must mobilize political support and enthusiasm among Europe's peoples. That requires far more sensitivity to the wishes and interests of consumers. It must also be obvious that inflation is among the greatest evils and weaknesses in our society at the present time. If the European Community is not seen to be fighting against inflation it will not command the respect, sympathy and support for its other objectives.

This has obvious and immediate implications for the

future of the Common Agricultural Policy, which is seen, rightly or wrongly, as one of the main causes of European inflation.

The Commission, as Mr Gundelach is clearly aware, will ignore these factors at its peril. The instigator of Europe's leaders, back at the end of 1972, to try to broaden the appeal of the Community by embarking on new initiatives in the field of social policy, regional development, environmental and consumer protection, was plainly right. The tragedy is that so many of these initiatives have been stifled by political timidity or obstruction, and that their impact has been overshadowed by the growth of unemployment and inflation.

Thus the regional development fund was too long delayed, and when it arrived it was too small for its task. The social policy programme has petered out, and has not been replaced. The programmes for environmental and consumer protection make slow progress, and in each case seem to have fallen victim—at least in some cases—to the Commission's besetting sin of excessive legalism in matters of human welfare.

This is particularly true of consumer protection. Lacking clear political leadership, Commission officials have tended to promote harmonization for its own sake, regardless of the impact of the proposals. Too much of the time and energies of the small groups of people concerned, both inside and outside the Commission, have therefore been wasted on trivia.

What is needed now, therefore, is a movement away from the negative concept of con-

sumer protection to that of active promotion of consumer interests; a greater infusion of consumer thinking into other areas of Community policy; a firm decision on the consumer priorities to be pursued—particularly as regards the reform of the CAP; and the provision of adequate resources, both inside and outside the Commission, to ensure that these objectives can be met.

These are no impossible tasks. The groundwork for an effective EEC consumer policy has been laid during the past few years. The institutions exist. There is a much greater degree of understanding and goodwill, not least on the Commission itself, than in the past. Consumer organizations themselves, despite their weaknesses, are beginning to understand each other better and to work more easily together. In the United Kingdom at least, though not in all EEC countries, there is effective ministerial responsibility for consumer interests.

If we could remember that consumers are people, and not legal abstractions; that the objectives of economic activity is to maximize consumer satisfaction; that the institutions of the EEC exist for the peoples of Europe; that all those concerned in consumer affairs have a common objective, and not sectional interest, to promote; then, I believe, we might actually get somewhere. I also believe that where we go in this field is of some importance to the future not only of Europe, but of civilization.

Michael Shanks

The author is the newly appointed chairman of the National Consumer Council.

'No hope' if Russia stifles the human rights movement



Dr Turchin: the West must act

Dr Valentia Turchin is the most recent of the many distinguished Soviet dissidents to arrive unwillingly in the West. He was told that he could go to prison or Israel. He has been in London before going on to a job in the United States. He is a nuclear physicist and a friend of Dr Sakharov, and he was chairman of the Soviet group of Amnesty International.

His trouble started back in 1968 after he wrote a paper called *The Inertia of Fear* which circulated in the underground. (Now written as a book it is appearing in New York.) In 1970 he signed a joint letter to the Soviet leaders with Dr Sakharov and Roy Medvedev. Its main argument was that every aspect of Soviet society, especially the economy, would suffer without a freer circulation of information and democratic reforms. He says he has been proved right by the deterioration of the situation since then. The rate of growth has slowed down and food supplies have deteriorated.

His main concern at the moment is the Belgrade conference, where nations are reviewing the Helsinki agreement of 1975. He worries that the West will not press hard enough for the release of the people the Soviet authorities have imprisoned for setting up groups to monitor implementation of the agreement. "It is nonsensical to discuss seriously the implementation of Helsinki while such blatant violations continue," he told me. "The West must state that the Belgrade conference cannot be successfully concluded if members of the monitoring groups stay in prison."

More issue has in fact been raised in Belgrade and the names of two of the most prominent activists—Dr Yuri Orlov and Mr Anatoly Shcherbatsky—have been mentioned by the Americans, but Mr Turchin and his friends had hoped that their release would be made a precondition for starting the conference, or at least for agreeing to end it. These people are so closely connected with the conference, he says, that if they stay in prison it would be seen in the Soviet Union and eastern Europe as a betrayal not only of the Helsinki agreement, but of the political aims other than monitoring the agreement and collecting information provided by people who came to see them. "The West's bargaining position is strong," he said. "The Soviet leaders need the West more than the West needs them. In the Soviet Union the West remains a focus of attraction for everybody. It is the source of ideas and technology without which the Soviet Union would be much

farther behind than it is now—and the technological gap is still not narrowing. Respect for Western achievements is great, and so is the need to buy Western goods and to remain in constant contact. "No member of the Politburo could gain significant support for an isolationist policy," he told me. "Theoretically the Soviet Union could close its doors and accept a slower pace of development, but in practice such a policy could be sustained only for a short time and for tactical reasons. The pressure for Western contacts is too great."

Therefore if the West remains firm and united, which unfortunately it is not, says Mr Turchin, the Soviet leaders will have no choice other than to retreat. In Belgrade the West must begin taking active and open steps. "There is no need for us to urge. There will probably be an amnesty for non-political prisoners for the forthcoming sixtieth anniversary of the revolution. The Soviet Union should be reminded that the anniversary is a political event so it would be appropriate to release political prisoners."

Discussing the human rights movement in the Soviet Union, Mr Turchin says that its mere existence has brought about a psychological change by creating a model of behaviour which is being closely watched by people of all types and at all levels, including party officials. "We cannot measure its strength by numbers," he told me. "Only by consciousness, by small changes in the way people think and feel. We are at a pre-political stage."

The movement had also had other important effects, he said. It has made the West unable to ignore the state of human rights in the Soviet Union and has made it impossible for left-wing forces to regard the Soviet Union as a model. Within the Soviet Union the existence of outspoken dissidents has made it easier for silent non-conformists, or "half-dissidents", to resist pressures because the authorities now fear pushing them into becoming open dissidents. "This is a preliminary stage but without it there will be no further stage," Mr Turchin said. "If the human rights movement is not now there will be no hope. The West must press for the democratization of the Soviet Union because otherwise the West will become a tiny island in an ocean of totalitarianism. I do not share Mr Solzhenitsyn's political ideals, but his warnings should be taken into account. The totalitarian nature of such a strong power as Russia poisons the atmosphere."

Richard Davy

Bubbling over at Wexford with Massenet and friends

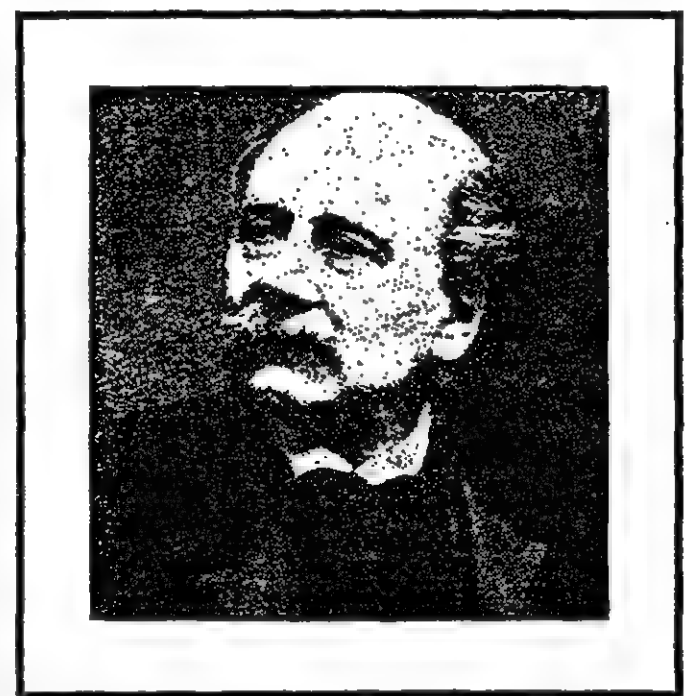
"You will find it an excellent thing, Sir," said Dr Johnson or possibly some other fellow who looked like him, "to examine your assumptions at least once every six months", and my tenth visit to the annual Wexford Festival, from which I have just returned, concluding as usual that if I were ever to spend an entire week there instead of my regular Friday-to-Monday I would be in the gravest danger of being greeted on my return by huge herds of pink elephants, has provided me with the opportunity to reconsider, for the first time for many years, my firm conviction that I do not like French opera.

This claim I have made so often that I have come to believe it as firmly, and unquestioningly, as I believe that the earth is flat. A Bulgar, of course, but basically flat. Yet there I was at Wexford, over the weekend, believing it no less firmly than ever, when it occurred to me, between a bite and a sup, to stop and think about it for once, whereupon I realized that it was untrue, and that it was Wexford that had proved it so. Certainly, I am allergic to the point of hypersensitivity to the operas of Debussy and Ravel; there are long stretches of *The Trojans* during which I find myself obliged to pass the time by solving quadratic equations in my head; my mind feels fuzzy about *Carmen* I have discussed here at some length. But there my complaints end, for I allied with a start on Saturday that I have now seen six French operas at Wexford in the last decade, and dated, positively dated, upon them all; whence I got the idea that I do not care for the genre I cannot

imagine, but it has been pretty thoroughly laid to rest by *Roméo et Juliette* (Gounod), *Les Pêcheurs de Perles* (Bizet), *Thaïs* (Massenet), *Le Roi d'Ys* (Lalo), and now *Hérodiade* (Massenet again).

I would not swear upon the autograph score of *Die Meistersinger* that any of these works is an imperishable masterpiece, but that is not the point; I go to Wexford to enjoy myself, and not only by the use of simple quantities of beaded bubbles winking at the brain and the six French operas I have listed have given me pleasure as great as anything I have ever got from, say, Fucini. Once the initial surrender has been made (the plots of practically all of them are ridiculous to a fault, though *Trojaners*, to be sure, could give them a start and a beating in that department), there is nothing left to do but sit back and revel, or, if you want me to be scrupulously truthful, wallow. I wallowed in *Hérodiade* at the weekend (it is another version of the Salome story, though not one that Richard Strauss would have recognized, let alone Wilde), as I wallowed in five Franco-Wexfordian predecessors, and when I discovered that the Christian names of the tenor who sang John the Baptist (what was he doing with a cross, by the way?) were Jean Baptiste, my cup ran over. (That presented no problem, though; I simply ordered another bottle.)

There is a kind of snobism about the French language that seems, at any rate to my amateur's ear, to give French opera



Massenet: a special French sound to wallow in.

a distinctive sound not shared by works of other nationalities; it also, no doubt, accounts for the curious fact that French tenors always sound as though they are singing through their noses. This peculiarly French timbre is at the farthest possible remove from the crispness of the vocal line in Rossini, say, let alone Mozart, and since most of the French opera that still survives in the international repertoire was written in the nineteenth century, the blend of the "French sound" with romanticism has produced the kind of luxuriant musical foliage which I have persuaded myself that I do not like, but am now happy to admit, like M. Jourdain discovering that he has been talking prose all his life without realizing it, that I do, I suspect it was something to do with the fact that Wagner, say, let alone Mozart, and since most of the French opera that still survives in the international repertoire was written in the nineteenth century, the blend of the "French sound"

or thought I did, when it came unaccompanied by the latter.

As it happens next year's Wexford has no French opera in it, though this one by a composer with a French name, d'Albert. (He was German, though he made the confusion even worse by being born in Glasgow. Mr Thomson Smith, the festival's artistic director, and a Glasgow lad himself, has promised in his honour to wear a kilt throughout the proceedings, or to be absolutely precise I have promised that he will.)

Well, I shall surely be there for *Albert's Program*, even if age has overcome me to such an extent that my friends have to prop my jaw open and pour the bubbles down my throat. (Mind you, if I ever allow age to get in the way of my wallowing, I shall certainly deserve to be ashamed of myself, at any rate to judge from the fact that as I set out for the Opera House on the Saturday evening, if I didn't see Sir Robert Mayer slipping down the steps of the hotel ahead of me, he being a mere 38 years old and age to begin conversations, most unwisely, with the words "As Bradens said to me".)

But how can anyone who has discovered the Wexford Festival begin to stay away from it ever again? This proud little town in the bottom right-hand corner of Ireland has been playing host to a glorious feast of music and the spirits, since 1951, and my only regret is that I didn't go there before 1967. Do not know why my annual wallowing has been so productive of joy; certainly there are dear friends (and new ones every year), certainly there is good

drink and good food, certainly there is good music. (Often there is no weather, too, but it was missing in a rather spectacular way on Sunday night, when the heavens came tumbling down in so torrential an outburst that several of the harder spirits took all their clothes off and swam the entire length of Main Street, and then continued up the hill to the Opera House like so many salmon ascending a leap.)

In Wexford, we thumb our noses at Euclid: the sum of the parts is greater than the whole. The elements combine to make the heart lift as soon as the lights of the bridge just outside the town appear on the drive there through the gathering dark, and those spirits never flame until Dublin airport comes in sight on the return. The Wexford Festival lives very much from hand to mouth, of course, and could not survive at all if it were not for the spontaneous amount of voluntary help it gets from the people of the town. Now the organizers have launched an ambitious appeal, whereby they can build proper backstage facilities (they have no scenery, no workshops, no adequate dressing-rooms). They deserve to get their money heaped up, pressed down and running over; and if any millionaire who loves good music, good living and good friendship should happen to read these lines, let him resolve to visit Wexford next year, and to leave behind a massive cheque if he is not disappointed. He will not be, and then he can come back the year after and see what his money has wrought.

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TOWER BRIDGE TO ZEEBRUGGE, 2.30PM EVERY DAY.

A diamond day for a special breed of seabird

There will be a swagman in the Maritime Museum today as Wrens from two world wars descend to celebrate the diamond jubilee of their formation in November, 1917.

The oldest is 84, the youngest a fledgling just joined. Ursula Stuart Mason, public relations officer at the museum and a former Wren, has written the script for an irresistible exhibition of the past 60 years, which has turned into a book as well. Nine-tenths of the material has come from private sources, that is the memories, photograph albums, and dirty-boxes of splendid old war-mares.

There are harpings like bodkins with naval buttons on the end, looking as though they were designed to defend virtue as well as anchor the tricornie propellers they used to wear as hats. And there is a wealth of early snapshots showing, for instance, the first Wrens drilling and uncertain which was the best foot to put forward.

Ursula Mason has discovered the birth certificate of the formation of the Wrens, recorded in no history before. It is the



letter that Sir Eric Geddes, the First Lord of the Admiralty, wrote to George V, suggesting that women be substituted for men on certain work in the Royal Navy.

Another less successful suggestion was that they should be called the Women's Auxiliary Naval Corps, which would have made a less attractive acronym.

A slip of the disc for the LSO

The London Symphony Orchestra must be kicking themselves for having failed to cut themselves a slice of one of the richest cakes in the city likely to land on their table.

It will not have escaped your notice that *Star Wars*, a space fantasy, threatens to become the most commercially successful film ever made. Its musical score by John Williams (not the guitarist) is performed by the LSO.

When the music was rendered down to two LPs, the orchestra had a choice: either take a share of the royalties or settle for what the trade calls a session fee—a once-and-for-all payment.

It settled for the session fee.

When X marks the unfair spot

My item last week about Bernard Levin and the straw man who was a seat in the students' council at the LSE, has drawn an expected, but useful, response from the Electoral Reform Society about the evils of the X-voting system.

If voting had been by single transferable vote, the society tells me, it is most unlikely the bogus candidate would have been elected. In the actual election, anyone wanting to support the Labour ticket could vote only X for each of its candidates, with no means of discriminating between one he

All a question of bridgeman'ship

President Carter admitted recently that he is having problems getting his message across to American businessmen. Looking at the transcript of a meeting he had with European business chiefs and *Time* journalists, I am not surprised. I think he said: "there will be a repainting of the present problems among the business leaders as relates to my Administration."

I am sure there will be no such obfuscation about the repairs to the bridge between American policymakers and businessmen, which will soon be undertaken by the Centre for Strategic and International Studies at Georgetown University.

In January, the centre launches a quarterly called *The Washington Review of Strategic and International Studies*. It will be written by, and for, policy-makers and

Aubrey Boomer, the golfer, is 80 today. He played in the first Ryder Cup match against the United States fifty years ago, and won eleven national titles. Since his retirement he has been attached to the Royal Club at Ravenstein in Belgium, where he is much in demand as a coach. Mr Boomer is a Channel Islander, and was at school with Sir William Riley, the former editor of *The Times*. Sir William took golf lessons, but not from Mr Boomer. That awesome task fell to George Duncan, who advised his pupil: "Get your weight on your heels, sir!" The future editor replied, with more logic than golfing sense: "My weight is where it is—and that is where it will stay."

JPV, 10/15/77

Stock Exchange Prices

Insurance shares weak

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1020	British	100.00	1020	Common	100.00	1020	Local	100.00	1020	Foreign	100.00	1020	Dollar	100.00	1020	Bank	100.00	1020	Brewer	100.00
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1022	British	100.00	1022	Common	100.00	1022	Local	100.00	1022	Foreign	100.00	1022	Dollar	100.00	1022	Bank	100.00	1022	Brewer	100.00
1023	British	100.00	1023	Common	100.00	1023	Local	100.00	1023	Foreign	100.00	1023	Dollar	100.00	1023	Bank	100.00	1023	Brewer	100.00
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1042	British	100.00	1042	Common	100.00	1042	Local	100.00	1042	Foreign	100.00	1042	Dollar	100.00	1042	Bank	100.00	1042	Brewer	100.00

Australia: a significant and growing market for European exports

Mr John Winston Howard, Australia's Minister for Special Trade Negotiations with the EEC, is the first (and so far the only) minister in the world to be responsible for his country's relations with the Community. He has just completed his first visit to Brussels and in this interview talks to Peter Brinkmann.

Can you give a brief description of the functions of your new ministry and your job as so-called EEC minister?

My appointment followed the visit of the Australian Prime Minister to Europe in June of this year when it became apparent that there was a definite need for Australia and the EEC countries to look carefully at the totality of our economic and trade relations.

In particular, there is growing frustration in Australia with the extent to which problems in our trading relations are seriously disrupting key Australian industries, not only by the effects they have on European markets but also in other markets throughout the world.

This appointment indicates the importance which we place on improving relations with the EEC and adequately resolving our trading difficulties.

The volume of Australian trade with the EEC is small in comparison to the volume of trade with Japan and the United States. Why did your Government feel that it was necessary to create a special ministry for negotiations with the EEC?

Australia is a major trading nation and we have traditionally had close relations with Europe. The importance of Australia's trade with the EEC countries should not be underestimated. The European Community is the largest supplier to Australia, providing more than a quarter of our imports: we are a significant and growing market for European manufactured goods and capital equipment.

The EEC takes about 15 per cent of Australia's exports. We believe that Australia's competitive advantage in areas such as agricultural products and raw materials and the growing requirements of the Community, the world's largest trading block, should enable trade to expand significantly in the years ahead. Increased European investment, particularly in the development of our mineral industry, is also welcome.

The European Community has high tariff barriers which impede imports from third countries, including Australia, especially in the agricultural sector. Since Britain's entry into the Community you have lost your European markets for flour, butter and meat. What concrete proposals did you present in Brussels to improve trade?

The EEC not only has high tariff barriers which in important cases reduce imports from outside the Community to a residual role, it also provides very significant export subsidies which adversely affect Australian producers in third markets.

You will appreciate why Australia is concerned both with questions of access to the EEC markets and the effects of Community policies on agricultural prices in third markets, when I point out that since Britain's entry into the Community exports of agricultural products to the nine countries have dropped by more than 80 per cent.

While in Europe I put Australia's case for greater market access to the EEC and pointed out the problems caused to Australia in third markets as a result of the subsidies paid on exports of surpluses from the Community.

This does not mean that I do not

fully recognize the basis for the Common Agricultural Policy and the significant role that it plays. That policy is in its basic conception a matter of domestic European concern, and it was not part of my aim to interfere with it.

However, there are some areas in which we believe that modifications to existing practices would yield significant benefits to Australia and other exporting countries and at the same time offer advantages to European consumers through lower prices. The proposals I put forward during my discussions therefore aimed at modifying EEC policies in areas of interest to Australia. At the same time, Australia wishes to present itself as an important and growing market for many European exports.

Will your Government use uranium as a lever to gain concessions in negotiations with the European Commission?

I have been the first Australian minister to have had discussions with the Commission and the nine member countries since the announcement by the Australian Government that there should be further development of uranium. In view of the interest in EEC countries in this area, I expect to be discussing at some length Australia's uranium policies. However, while uranium is an important commodity, I see the discussions on supply by Australia as only one aspect of the overall consultations.

Australia is in a position to play an important role in the future as a stable and reliable supplier of a wide range of raw materials (both processed and unprocessed) as well as energy sources such as coal and uranium. Australia also has a vital interest in the export of agricultural products. In my discussions uranium is therefore one commodity to be considered as part of our total trading relationship with the EEC. I seeked to achieve a balance in this relationship to the mutual benefit of both Australia and the Community countries.

In view of the large agricultural surpluses in the EEC, how do you rate your chances of success in the forthcoming negotiations?

I recognise that some of the problems I will be raising also pose difficulties for the Community and that eventual solutions in some cases may only be found through multi-lateral negotiations. Nevertheless, it is timely for Australia and the EEC to be discussing the issues at first hand, thereby assisting the present and prospective trading relationship between us. It is important that trade between Australia and the Community develops on a sound and equitable basis and that there be appropriate means by which regular discussions can take place and problems that arise can be identified and a sincere effort made to have them resolved.



On the contrary

Non au mariage?

Un grand débat est tranché. Un autre recommence.

Au Royaume-Uni, la controverse au sujet du Marché commun s'est soldée par l'échec de ceux qui voudraient en sortir. Deux ans après le référendum confirmant l'adhésion britannique, les nostalgiques du parti travailliste ont enfin et pour le moment accepté la décision du peuple.

La victoire des Européens au sein du parti doit beaucoup à l'habileté politique de M Callaghan. Mais les affirmations par lesquelles ce dernier a apaisé les craintes de ses adversaires a provoqué des inquiétudes auprès de ses alliés. Certains partenaires de la Grande-Bretagne ont eu l'impression d'assister à la renaissance d'un gaullisme qu'ils croyaient éteint.

Arrive alors la Commission de Bruxelles, porteuse d'un paquet de propositions aptes à exciter les esprits. Pour lutter contre l'inflation et le chômage, le Président Jenkins préconise la stabilisation des monnaies et le transfert des ressources. C'est tout ce qu'il y a de plus raisonnable, sauf son titre: l'Union économique et monétaire.

A cela, M Callaghan semble préférer l'union libre. Toutefois, comme Européen—ce n'est qu'un débutant. Continuons le combat!

Pangloss



Rounding up his flock in Australia, the farmer takes to his motor cycle.

Opponents on its left and right

Spanish cartel stands at crossroads

Of all Spanish businesses, the one facing the most uncertain future for political reasons, rather than as a result of the present economic slump, is surely the big state-managed cartel known as INI (National Institute for Industry).

At the end of 1976, INI was Spain's biggest industrial holding company and one of the top 10 European business enterprises, both in terms of investment and value added. According to the annual report on Spanish Industry published in Madrid last June by the Ministry of Industry, INI "is one of the principal instruments which the country has at its disposal to carry out the profound transformation which its economy needs with the objective of overcoming the present crisis and achieving a modern (economic) structure on a European scale. . . . The economic crisis of the past three years and the prospects for the future . . . have reinforced the relative importance of the role of public enterprise."

The anonymous author of that portion of the Ministry's report made no reference to the viability of INI as an institution. But the National Institute for Industry is at a crossroads, and one of the turnings might lead it to extinction. The political philosophy responsible for its creation has been thrown into the discard heap, since the death of General Franco, along with other formerly sacrosanct concepts and institutions such as the obligatory state-run vertically-organized trade unions.

Although the Generalissimo was too much of an individual dictator to espouse fascism as such, he used those aspects of it which suited his purposes. And one cornerstone which was built into the structure of the Franco regime was the National-Socialist idea of government participation (as distinguished from nationalization) in industry for the purpose of promoting a planned economy and guaranteeing employment.

If it can be said truthfully that the Franco regime cooperated closely with many privately-owned big businesses, it can also be said that the regime fostered, shaped, created or directly controlled other large businesses through INI, an autonomous department of the Ministry of Industry acting at least in principle with the aim of creating industries in places and sectors in which private capital was hesitant.

INI grew the Topsy. Today it dominates the coal-mining, steel-making, shipbuilding, aircraft manufacture, air transport, natural gas and nuclear power industries, in addition to having a big interest in many

other national and international industries.

INI grew where others shrank because, while its management was not averse to making money (in fact many foreign investors hold INI bonds), its raison d'être put national interests ahead of profits.

Thus INI could—and still can—afford to keep Spain's deficit coal-mining industry going in order to keep miners employed and maintain an energy source which (it is unprofitable at present) might eventually be of significance. Spain's shipbuilding industry (the fifth largest in the world but suffering from under-nourished order books) may be able to hold out longer than those of some other countries because it can operate at a loss for some time without being forced out of business.

However, now that democracy has come to Spain, the function and legitimacy of INI, a mighty industrial cartel which works in partnership with private capital but is a state agency, are open to question. Its fascist-rooted origins make it unsavoury for parties of the left. Its great competitive advantages make it unpopular with private businessmen—except for those who have formed partnerships with the giant.

In short, INI represents strong government intervention in sectors which some people think should be restricted to private enterprise: yet at the same time its ties with capitalism are too close to suit those of the opposite political sector.

Spain's main parliamentary opposition, the Spanish Socialist Workers' PSOE Party, did Señor Adolfo Suárez, the Prime Minister, a considerable favour by failing to bring up the question of the survival of INI during the first few months after the general elections of last June, but probably only because it was too busy with other matters.

Employees at INI headquarters, even those in the Department of Public Relations and Press Affairs, appeared oblivious to the threatened collapse of the INI empire, when they were questioned late in August about possible changes in the structure of the institute. Nevertheless, according to informed sources, at the same time top officials of the Ministry of Industry were studying proposals to revamp the autonomous department in order to keep the Suárez Government one jump ahead of the Opposition.

The contents of those proposals were not immediately revealed. Indeed the attitude of the Minister of Industry, let alone that of the Gov-

ernment as a whole, was still unknown in September when the Premier, King Juan Carlos and other political figures returned from their brief and frequently interrupted summer holidays.

A restructured INI, as a flexible instrument in the hands of Spain's Vice-Premier for Economic Affairs, Professor Alfonso Fuentes Quintana, might be acceptable to the Parliamentary Opposition—but it would have to be a new-look INI, slimmed down and under tighter administrative control, with less of an aspect of permanence. As an institution comparable to the late President Franklin D. Roosevelt's polemical Work Projects Administration (WPA) of the 1930s in the United States, it might be able to survive for the time being. But its long-term survival, at least in its present form, is highly unlikely even though it serves a useful purpose.

As with the now dismantled state-run trade unions, there will surely be a hot debate about what to do with what INI owns, unless the Government can transform the nature of the institute before the politicians launch their attack.

The basic controversy, unless changes are made rapidly, will surely centre on whether it is necessary for a government agency—even if its purpose is to stimulate industries which are in the national interest in such places as those interests dictate—to own and manage the industries involved, especially when it means going into business partnership with private individuals, or whether such an agency's function should be limited to the mere administration and enforcement of measures outlined in pertinent legislation. The final question is how much freedom of action such an agency should be allowed: whether it should decide on its own what to support and promote or whether it should foster any given industry only on specific instructions from Parliament.

As a holding company, INI made a net profit last year of 459.3m pesetas (about £3.1m at current exchange rates), with a turnover of 18,436.1m pesetas (about £125.4m at current rates).

In announcing the balance at a news conference in Madrid in September, Señor Francisco Jiménez Torres, the president of INI, admitted: "The financial structure of the balance is not the one we would wish", although the results are "positive".

He revealed that INI investments in 1977 will total nearly 137,100m pesetas (£932.7m), and 60 per cent of that investment will be made in the energy sector.

Harry Debelius

Europe is . . .

What does Europe mean to you? Does it evoke a personal experience? Is it an abstract ideal, a political reality or an intellectual challenge? How do you feel about it? The European Cultural Foundation, in Amsterdam, and Europa would like to know. The foundation is prepared to award the writer of the best essay on the theme "Europe is . . ." a prize of 3,000 florins.

Entries should be between 1,000 and 1,500 words in length and should be submitted in triplicate to the European Cultural Foundation, 5 Jan van Goyenkade, Amsterdam—1007, The Netherlands, by January 31, 1978. Essays will be considered by a panel of judges drawn from the European Cultural Foundation and Europa and the winning entry will be published in the April 1978 issue of Europa.

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Facts and figures

	Rate of growth	Quality of growth		Maintenance of growth		
		Prices	Unemployment	Productive capacity	Foreign trade	Vulnerability to external factors
GERMANY	●●●	●●●	●●●	●●●	●●●	●●●
FRANCE	●●●	●●●	●●●	●●●	●●●	●●●
ITALY	●●●	●●●	●●●	●●●	●●●	●●●
BRITAIN	●●●	●●●	●●●	●●●	●●●	●●●

Recovery with caution

Where signs of flagging production had been observed last month more or less everywhere, even in the United States, giving rise to apprehension about the future it now seems that the position has been reversed, giving cause for hope. It is early yet, but there have been perceptible and simultaneous improvements in several countries.

Foremost among them is the United States, where the indicators of future trends in activity turn out to have been better than first believed. After the upward adjustment of the July figure, the number of successive monthly falls has been reduced from three to two, in May and June, when they fell by 0.2 per cent, and that was followed up by a 0.8 per cent increase in August.

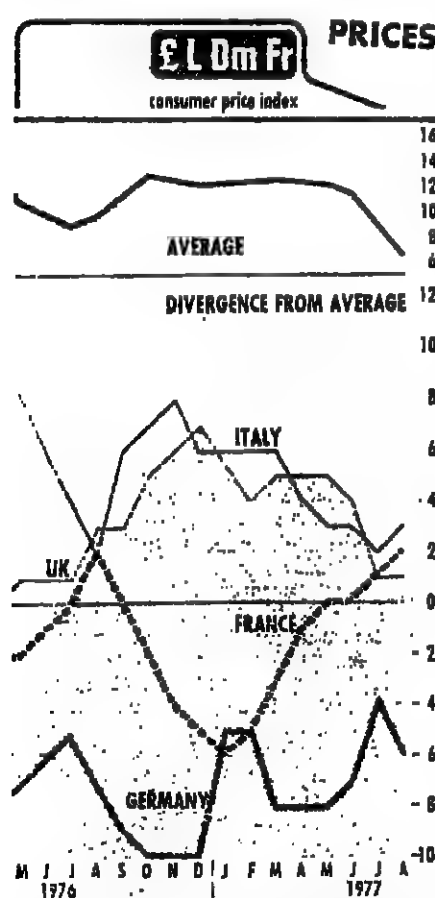
That recovery is confirmed by other signs, notably orders to industry, which moved ahead sharply by 2.3 per cent in August, though that followed a 3.6 per cent fall in July.

In France as well there are once again some favourable indications, with an increase in consumer spending reflected in the brisker rate of increase of the large turnovers of stores since July. In West Germany, as the graph shows, industrial production is back on a slightly rising trend, an improvement which seems to be confirmed by an increase in retail sales in August.

A recent recovery in sales and household consumption also seems to have served to get Britain over the lull. Only in Italy, where the rate of growth admittedly has been rapid, has industrial production fallen in July and August for the first time against last year.

That exception apart, the picture is one of slight improvement, but it is still necessary to exercise caution in assessing the improvements made. Experience has shown that rises and falls alike are not going very far.

The first reason for that is that stocks remain at a low level, so that industry can adjust quickly to prevailing conditions. Companies are continuing to take the short view, allowing policy to be dictated by current demand.



Prices: The average inflation rate is still coming down, and, calculated on the basis of the three months July, August and September, is running at only 6.5 per cent. The individual rates are all in West Germany, 7 per cent in Britain, 8.5 per cent in France and 10 per cent in Italy. The last-named country recorded a less satisfactory monthly rise of 1.1 per cent in September.

Moreover now that trade is under threat, demand relies largely on private consumption, which is subject to abrupt fluctuations, as has been demonstrated recently by the American retail figures, which rose by 1.7 per cent in August only to fall back again by 1.2 per cent in September.

On the other hand investment in the wider sense, beginning with housing and construction (except in the United States) and industrial plant, is scarcely moving ahead at all.

In that connexion the statistics of rates of increase quoted should be seen in their true light: they represent progress from low levels, even in the United States. Moreover, such investment as is being put in hand is aimed at maintaining existing positions and rationalization. It is aimed rarely at expansion, which is only to be expected when capacity use is unable to rise much above 80 per cent.

Given those conditions, the prolonged and deepening crisis in the iron and steel industry is not surprising. Though steel production is being boosted by motor manufacture, it is getting little help from the construction industry and scarcely more from industrial plant. Companies are not investing enough.

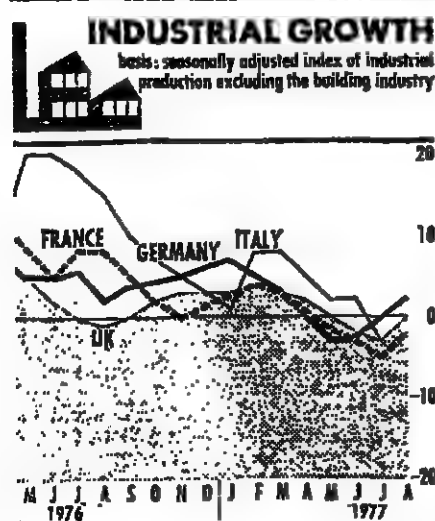
The governments of several countries, including West Germany, Britain and France, have been making efforts to reverse the trend whereby the proportion of retained profits for investment was being eroded by rising wages. They have been successful, but have not always been prepared to admit it. Unfortunately the effects are proving slow to materialize and Herr Schmidt's celebrated dictum, "Today's company profits make tomorrow's investments and the day after tomorrow's jobs", has yet to be confirmed.

In consequence, governments are being obliged to intervene to make up for the reluctance of industry to place faith in the future through investment or employment policies.

That they are doing, although they still hope that the restoration of economic health will of itself bring a spontaneous recovery in consumption, followed by investment. However, apart from a few measures aimed at giving a direct boost to consumption without threatening economic recovery, they are no longer using the traditional methods advocated by Keynes.

While keeping a careful watch on the money supply, the key to stability, they are trying to trade off tax alleviation against wage moderation. Efforts in that direction have been made in Britain, which has just launched a reflationary budget of £1,000m in tax allowances, and in West Germany.

They are also trying to overcome the reluctance of employers to recruit by bearing a share of the wage burden through subsidies (Britain) or the waiver of employers' contributions (France). Italy is also taking action in that sphere, with its special registra-



Growth: There has been a slight improvement in the industrial growth rate in West Germany, from nil to 2 per cent, and in Britain, from -3 per cent to nil; it is still in decline in Italy, however, and is now running at -3 per cent, and French output continues to decline.

ters of young unemployed. Under those conditions there can be no immediate prospect of eliminating budget deficits. The West German Government, which had intended to reduce its deficit (DM35,000m or 4 per cent of gdp), has now reversed its policy.

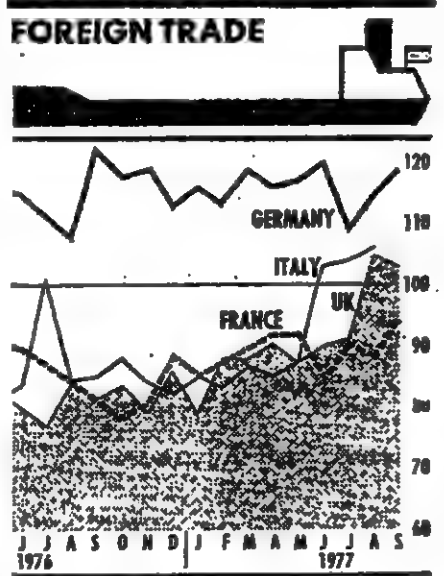
Irony of ironies, even having established that some DM25,000m allocated in previous budgets had not been spent because of administrative delays, it is seeking to accelerate administrative procedures, asking the Länder to spend more quickly, while entreating the German people to increase consumption.

In France the keeping of the budget in balance is no longer sacrosanct and a 9,000m franc deficit is being envisaged.

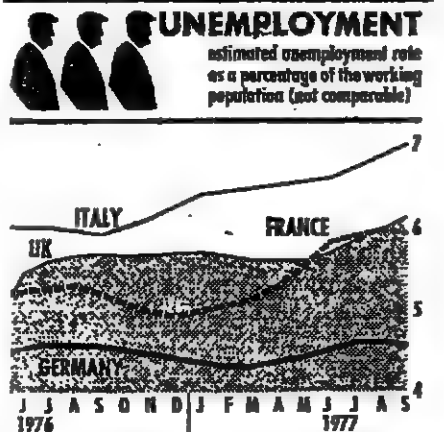
The countries of the West are managing as best they can to maintain activity while pursuing their efforts to regain economic health. Governments are continuing, with various new forms of intervention, until such time as industry is prepared to take over. Meanwhile morale must not be allowed to deteriorate and psychological support, with budgetary action, will be decisive.

With its prospects on oil, Britain is achieving extraordinary results. France, after its recent political upheavals, is now doing what it can to follow suit and its industry is trying to find its feet again. Paradoxically, it is in the so-called stronger countries, the United States and West Germany, that morale is lowest.

Maurice Bommensath



Foreign trade: cover of imports by exports, calculated fob-cif and seasonally adjusted, is still in surplus in Britain (103 per cent in September) and in Italy (106 per cent in August). France too is now approaching breakeven point, with 94 per cent in September.



Unemployment: The seasonally-adjusted unemployment rate in France and Germany fell in September from 6 per cent to 5.8 per cent and from 4.6 per cent to 4.5 per cent respectively. On the other hand, there was a rise from 6 per cent to 6.1 per cent in Britain and the rate in Italy is now pushing through 7 per cent. However, these statistics should be regarded with caution in view of the effect that governmental measures can have (for instance in Italy and France).

United States: Comparative situation and influence

Industrial growth ● (●)

After the fears of recession, the most recent statistics are a little more reassuring. The index of leading indicators which foreshadows economic trends rose by 0.2 per cent in July and by 0.8 per cent in August. Orders to industry recovered strongly by 2.3 per cent in August. Retail sales rose by 1.7 per cent in the same month, but unfortunately fell back again by 1.2 per cent in September.

Prices ○ (○)

The inflation rate has eased considerably and was down to an annual rate of a little over 5 per cent in August. However, the recent trend in wholesale prices, which rose rather more sharply (by 0.5 per cent) in September than in August (0.1 per cent), is disturbing.

Unemployment ○ (○)

Unemployment expressed as a percentage of the workforce registered a further fall, from 7.1 per cent in August to 6.9 per cent in September, a figure corresponding to 6,800,000 unemployed against 91,200,000 in work.

Productive capacity ● (●)

Capacity use fell back slightly from 83.7 per cent in July to 82.7 per cent in August, a consequence of the deceleration during the second quarter.

Trade ○○○ (○○○)

The sequence of trade deficits continues. August saw a marked fall in exports, which fell short of imports by \$2,700m. The total deficit for the first eight months is \$17,600m when calculated fob-fob and \$24,000m fob-cif.

Influence on the four countries

Monetary and financial: The dollar is once again in decline despite the increase in American interest rates (prime rate is now 7.5 per cent). European currencies, by contrast, are being pushed up, hence the further reduction in interest rates. Sterling is still stealing the limelight, after a further reduction in the minimum lending rate to 5 per cent. British rates are now well below those in the United States.

Economic: The threat to American growth is really less serious than was feared. It nevertheless remains essential to bridge the widening trade and monetary gap between the United States and the other countries, with the Western countries getting back into phase; this will entail a deceleration of activity in the United States and acceleration elsewhere.

○ Poor ○○ Bad ○○○ Very bad ● Fairly good ●● Good () Previous performance

Hans Baumann talks to the troubleshooters

Industry is leaving the Continent

Why is the European economy not picking up more strongly? Europa questioned the men who must know the answers, the business consultants who are called in as troubleshooters whenever industry feels unable to cope with its difficulties. Their answers are unanimous: general surplus, productive capacity, wage costs are too high, and companies that want to invest turn their back on Europe and invest in countries with lower social costs.

Mr William E. Hill, joint owner of the William E. Hill company, of New York, gives the reasons for this last statement: in the past year there were 255 cases of direct foreign investment, mostly from Europe—an unusually large number. The biggest investor was the United Kingdom. The flow is remaining undiminished. Mr Hill sees the attraction for capital in the relatively good state of the United States economy and the lower social costs.

He spoils the picture by going on to say that the United States economy is heading back into recession, like the European economies. That opinion is shared by Dr Arthur Burns, chairman of the United States Federal Reserve. Even President Carter must be realizing that his country is moving into an economic trough: even if it does grow by 4 per cent in 1977, the upper limit for growth in 1978 must be 2 per cent.

Because Mr Hill is a humorous man, he illustrates the worsening American economic situation with the following story: a judge said to the accused: "Admit it, you were drunk and smoked in bed, and that's how the bed caught fire". The accused replied: "I admit I was drunk, but the bed was on fire before I got into it".

Mr Hill speaks from considerable experience in advising the European economies not to wait for a lead from the United States—because they will wait in vain.

In Milan Signor Pier Malinverni's brow wrinkles anxiously as he assesses the state of the Italian economy. He is the chairman of Orga, the oldest Italian consultants—the

firm was founded in 1925. Ever since the "hot winter" of 1969, he feels, Italy has been the "hot story" for the international press.

He sums up the reasons for that in the following points: the enduring balance-of-payments deficit (which has, however, improved since last June); The high rate of inflation, which has fallen from 22 to 16 per cent in annual terms, but is still too high for safety; and the high cost of labour: since 1969, wages in Italy have been brought up to European levels too quickly. He also blames the high social costs, about 80 per cent of wages, which are of little benefit to the individual worker; the heavy social insurance, which makes it almost impossible to lay off an employee; and social conflict—strikes and urban guerrillas—which disturb business confidence.

Another economic drawback for Italy, in his eyes, is the clear gulf between politics and business, and the struggle between north and south, with both sides showing little understanding of the other's difficulties. Other causes of dissatisfaction are the growing economic chauvinism, the increasing burden of taxation on Italian companies, and the question of exports. Middle-sized companies suffer particularly from a lack of knowledge in this respect.

The picture that Signor Malinverni presents is not all gloom: to his own knowledge, most private companies are doing well, and even investing. He closed on an optimistic note: "1976 was one of the best years for private business in Italy."

The most serious complaint comes from Mr Nicholas Branch, managing director of Binder, Hamlyn, Fry, of London. He has devised the following formula for United Kingdom Ltd: low profits, low investment, silly legislation, inconsistent government, powerful negative unions, poor incentives, old-fashioned management and high company overheads equal an uncompetitive country. Add socialist legislation, reliance on imports and North Sea oil and the result is survival with high inflation and high unemployment. But if one adds retraining, expansion of invisibles and overseas marketing

the country may enjoy prosperity and happiness.

Despite this gloomy document, Mr Branch still sees one possibility for Britain (which he characterizes as offering "little incentive for hard work") to solve its problems at a stroke: North Sea oil. But he is not altogether sure of the outcome: "It all depends what we do with the revenue from the oil."

Mr Reint van der Torn and M Jacques Giroire hold similar views of the economic situation in Holland and France. Mr van der Torn is the managing partner of van der Torn & Buningh, Utrecht, and the president of the Dutch Association of Business Consultants, ROA. M Giroire is general director of GMV Conseil, Paris, and a member of the council of the French Association of Consultants, Syntec.

Mr van der Torn holds that the essential question is the slackness of demand. According to him, excess capacity exists in the furniture, textile, food and drink, and shoe industries, and in construction, shipping and the docks. He is supported in this by Herr Roland Berger, managing partner of Roland Berger & Partner and member of the council of the West German Association of Business Consultants, BDU. This view sees the question of excess capacity exacerbated by industry's shift to countries where social costs are lower. Mr van der Torn points to The Netherlands as an example of the extent of this movement: there the number of unemployed is rising weakly as a result of industry's withdrawal.

Any one asking business consultants how business is doing in their country will also want to know how business consultancy itself is prospering. The answer is the reverse of the national slumps—consultancy has never had it better. Business consultants are advising top management in their decisions, in banks, governments and unions; they are analysing economies, researching markets for their suitability for new products, putting the right man in the right job—a decisive matter in times of economic weakness. "We live by our clients' problems", Mr van der Torn says. Where thistles flourish, the consultants' wheat grows thick.

Leo Fischer charts a drop in drinkers

There's an awful lack of coffee in Brazil

On July 13, 1975, the coffee market was turned upside down. On that day the hardest frost in living memory destroyed half the 1976 coffee crop in Brazil, the world's largest coffee producer. Overnight the situation on the world coffee market changed completely: where the market had been expecting falling prices because of high stocks of green coffee, coffee suddenly became a scarce commodity, with the consequential rise in prices. Producer countries swiftly withdrew offers for supplies, and the roasters (who had let their stocks of green coffee fall to the lowest level in years) bought every bean they could get.

The following weeks and months saw an unparalleled rise on the coffee futures markets. Before the frost coffee was quoted on the exchanges in New York and London at 50-60 cents a pound and £400 a ton respectively. Twenty-one months later coffee was being quoted at new record levels: in New York the peak price was \$3.40 a lb, in London £4,232 a ton.

The price increase was encouraged by alarming stories from Brazil that the damage was much worse than generally believed. Where the 1975-76 Brazilian harvest was more than 22 million 60kg sacks, the producers were now forecasting the yield of the 1976-77 harvest at only six million sacks. The United States Department of Agriculture and London merchants, however, estimated the 1976-77 Brazilian harvest would be at least eight million sacks.

Nevertheless, whichever set of figures you chose to believe, the decline in production was shattering. This is illustrated by the figures for the harvests in the seven leading coffee producers, responsible for almost 90 per cent of world output.

Supplies from producer countries are, however, not just from current production but also from stocks. From 1970-71 to 1976-77 there was only one year (1974-75) when exportable production in producer countries was above world imports of coffee. In all other years the difference between production and consumption was made up from stocks.

Brazil resorted to measures to reduce supply—methods which it seems to be trying to use again. They involve cutting back home consumption and meeting it from less valuable imported grades, while taking the good, home-produced grades into stock, and thus withdrawing them from the world market.

There is hardly any other commodity where consumers are so affected by the close relationship

between the quotation on the commodity markets and the retail price. What do the London quotations for copper, silver, wool or sugar mean to final consumers? Their wallets are rarely affected by the price movements in these products. But it is a different story with coffee: there was only a short time between the change in prices on the coffee exchanges and the impact on roasted coffee prices in the leading importing countries.

The main coffee importers are the United States and West Germany, followed by France, Italy, The Netherlands and Sweden. In the United States, prices in the shops rose from \$1.27 a lb in July 1975 (before the frost in Brazil) to \$3.94 a lb on June 1, 1977. That is an increase of 210 per cent. In West Germany coffee prices were increased in several stages by 40 per cent in all (the increases were largely withdrawn subsequently).

Although in the past coffee has shown a low price elasticity of demand, the increased price led this time—although with a considerable delay—to a reduction in consumption. In 1967 coffee had replaced beer as West Germany's most popular beverage, despite the rising trend of prices (one hundred litres a head of the population); in the first four months of this year consumption fell markedly. By August one of Hamburg's biggest chain stores, Tchibo, was expressing fears of a 10 per cent drop in consumption.

In the United States coffee-drinkers' abstinence was even more serious: boycotts by consumer associations produced a 15 per cent drop in turnover by this summer.

But consumer action has been less influential in restraining coffee prices than expectations of renewed surpluses on the coffee market, based on rising production prospects. In London now coffee is quoted at £2,147 a ton, about 50 per cent below its peak this April.

As it turns out the Brazilian coffee-farmers seem to be recovering from the effects of the frost faster than they would like. In 1977-78 they are expecting a harvest in Brazil of 14,200,000 sacks, compared with six to eight million in the previous year. Estimates put the world coffee harvest at 69,900,000 sacks, of which about 52,700,000 sacks will be available for export from the coffee producing countries. This is an increase of 10 million on the previous year. At the same time world consumption has probably dropped by five million 60kg sacks.

In the face of those estimates the main exporters Brazil and Colombia hold differing views about the correct market strategy. Colombia favours a revision of the export price to take account of consumer reticence, but Brazil wants to retain the export price of \$3.20 a lb.

Most exporters doubt that Brazil will be able to keep its grip on the coffee market. From January on there will be so much coffee available for immediate delivery that the producers will have to woo the merchants, and that will have to be by lower prices.



Picking coffee beans near Campinas.

St. Blaise
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Europa

As trade and investment with South Africa becomes a major political issue at the United Nations, Europa

looks at the new code of conduct agreed by the European Community

and reviews the overall progress of the Nine to develop a common front in foreign policy

Discrimination can cut both ways

On the day that Mr Vorster called an election to back his fight against what he called foreign meddling in South Africa's affairs, the EEC foreign ministers were meeting in Brussels to approve a code of conduct for companies operating in the republic.

To the white community in South Africa the EEC initiative appeared as yet another move to destroy the basis of their society. Yet in reality the EEC code represented an attempt to fend off pressures for economic sanctions against South Africa.

Europe has a powerful influence in the South African economy. In 1975 the Community's investment in the republic amounted to R9,850m, or two thirds of the country's total foreign investment. Half the foreign investment in South Africa is from Britain, and more than three hundred British companies have subsidiaries there. The other EEC countries account for 14 per cent of foreign investment.

It is unusual for a group of countries to adopt a joint policy on investment in a foreign state. Why, South Africans always ask, should they be singled out? The simple answer is that no other country has institutionalized racial discrimination. The lack of trade union rights for black workers also means that companies operating in South Africa are particularly vulnerable to criticism that they are exploiting the local workforce.

The EEC therefore worked out a code of conduct to deal with the treatment of black workers employed by European companies in South Africa. Migrant labour is condemned as "an instrument of the policy of apartheid" and "employers have the social responsibility to contribute towards ensuring freedom of movement for black African workers and their families".

Companies are asked to pay wages over the minimum effective level (50 per cent above the poverty datum line). More important, however, is the call to encourage trade unions. The

code points out that they are not illegal, and that "should black African employees decide that their representative body should be in the form of a trade union, the company should accept this decision".

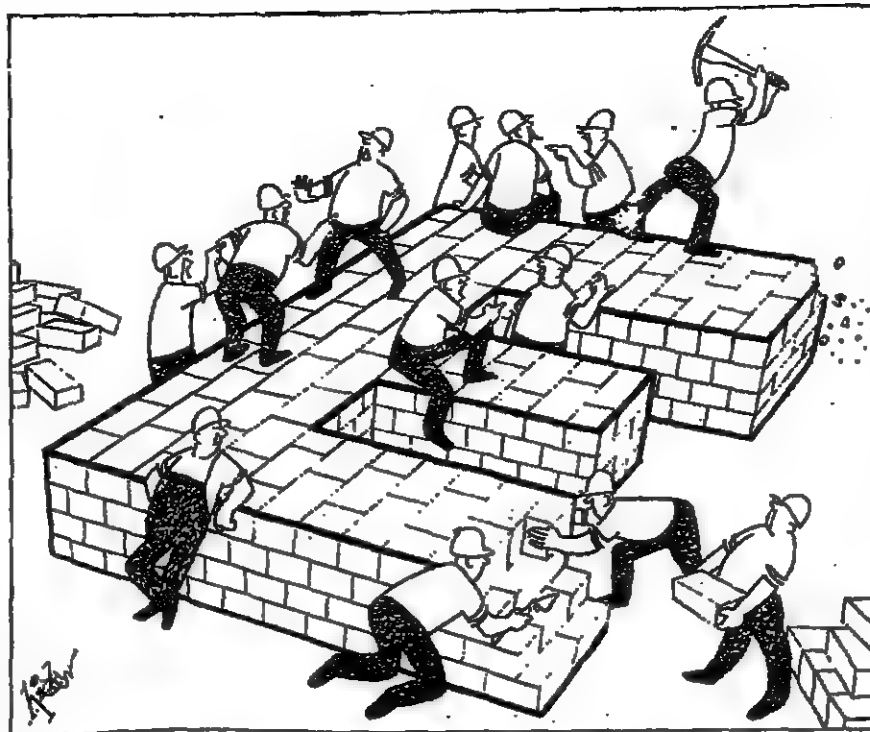
This represents a significant advance on the earlier British code, introduced in 1974, which had avoided the crucial problem of industrial relations. Trade union rights are severely restricted in South Africa, but black workers will be able to fight for higher wages only when they increase their bargaining power.

Reaction to the EEC code in South Africa was predictably hostile in government circles. Mr P. W. Botha, the Foreign Minister, dismissed it because of its "high moral tone".

Western companies operating in South Africa generally reacted by claiming that they had already adopted most of the provisions of the code, but that it would be difficult to go much further without coming into conflict with South African legislation. The Confederation of British Industry expressed reservations over some aspects of the code. In Paris a director of the Patronat commented that "French firms have been trying for some time to apply these rules". The Federation of German Industry was also fairly cool.

European companies claimed that they would lose business to their Japanese, American and South African competitors. Already, however, moves are afoot to extend the EEC code to include all 24 nations of the Organization for Economic Cooperation and Development, and this would mean that it would cover almost all foreign investors in South Africa. The multinationals recognize that introducing the code would increase their wages bill, and reduce the attraction of investment in South Africa.

Negotiation of the EEC code took considerably longer than expected



because of differences among the Nine. Germany and France were cautious, but Holland and Denmark proposed measures to restrict further trade and investment. Britain steered the Community along a middle road.

The EEC is also South Africa's largest trading partner. Last year half of South Africa's imports of R5,978m and exports of R4,493m were accounted for by trade with the Community. Britain has recently slipped into third place as South Africa's source of imports, after the United States (21 per cent) and Germany (18 per cent), but it still retains an 18 per cent share of the market. France and Italy each provide 4 per cent of South Africa's imports.

South Africa's exports consist mainly of its valuable mineral wealth. The United Kingdom is its largest export market, with a 22 per cent share. Germany (11 per cent), Belgium (4 per cent), and Switzerland (4 per cent) are also major buyers of South African produce.

During negotiations over the EEC code of conduct the Dutch pressed for measures to reduce trade with South Africa. This led to a decision that the Community should at least begin to study further ways in which economic pressure could be exerted on the regime. Already the Dutch Government has decided to reduce its trading ties. The draft programme of the new Labour-Christian Democrat coalition states that no credit guarantees will be granted for exports to South Africa.

The recent bannings in South Africa have already led to further international pressures. Moves to impose sanctions are being resisted by the larger EEC members which have extensive economic links with South Africa. But since Soweto there has been a growing reluctance among the business community to increase these ties while the political situation remains so unstable.

Martin Bailey

Solidarity begins at home

"Political cooperation, that is common diplomatic action by the Nine, is beginning to make itself noticed. At the European Council at the end of June the heads of government, keen to demonstrate their unity of outlook, published a declaration on the Middle East in which they referred to the need to create "a homeland for the Palestinian people".

A few weeks later the foreign ministers announced their intention of using the Community's political weight to persuade South Africa to modify its racial policy. As the Belgrade conference opens, much emphasis is being laid on the exemplary solidarity displayed by the Nine on East-West relations.

Not too much should be made of all this, however. The Nine are not on the point of establishing a common external policy, far from it. The care with which they are now addressing themselves to these important but remote issues is accounted for largely by the fact that they get themselves into such a mess when trying to deal with the Community's purely internal affairs.

Who can fail to see that the collective incursions by the heads of government or their ministers into world affairs carry little weight when at the same time they show themselves incapable of taking the decisions—on such matters as exchange rates, employment, energy and trade—needed to run Community life? In fact, what we are witnessing is a sort of stampede into foreign policy.

However, it would be wrong to underestimate the results obtained: political cooperation, the fruit of the endeavours of like-minded diplomats having the same profile, the same attitude in life, is now emerging as a useful venture, albeit of limited scope.

The national governments have developed it since 1970, having appreciated the point that joint action on the world scene can expect to make more of an impact than an individual initiative. They may also see it as a useful means of protecting their interests in certain situations; for instance, the common "balanced" position taken up by the Nine after the October 1973 war no doubt saved one of the countries involved, The Netherlands, from the worst rigours of the oil embargo. Given that country's resolutely pro-Israeli stance—dictated to it by public opinion—it is reasonable to suppose that the Arab world might have taken a tougher line against it had Holland been isolated.

The great weakness of political cooperation lies in the fact that it is voluntary. Governments are free to toe the line when they consider it necessary, but also to reject it whenever they consider that their best interests can be served by standing aloof. This reaction is still not uncommon, as witness the ragged order in which the MPLA was recognized as the legal government of Angola, or indeed the disunited pattern of voting in the United Nations.

In short, political cooperation only comes into play when the usefulness of joint action is self-evident to all and even then it only gives patchy results. Let us take a closer look at what has been achieved on each of the major issues with which the Nine have concerned themselves.

East-West relations and the CSCE (Conference on Security and Cooperation in Europe). This is the main area for political cooperation, where mutual understanding functions most effectively and where the Community has given the most convincing account of itself. This is hardly surprising since Europe provides the main scenario for détente and all EEC countries are directly concerned. The importance attributed by the Nine to the conference and their shared conception of détente, coupled with the lack of interest shown by the United States for this exercise, have enabled them to play a leading role in Geneva and then in Helsinki.

The Helsinki final act, and the "third basket", may be regarded as being a Community product. It was written in the form in which it appeared because the Nine were able to work together from beginning to end as an operational unit, carrying with them the other countries of the West, that is the neutrals and the United States as well.

The preparations for the Belgrade conference have confirmed agreement between the EEC members. The agenda for this conference was drawn up on the basis of an EEC document. Despite the initial burst of enthusiasm displayed by the Carter Administration on human rights, it is a fair bet that it will be the Nine, with their moderate approach, who will set the tone when the time comes for drawing up the communiqué, which will deliver judgment on the implementation of the Helsinki act, point to the new efforts to be made in the future and perhaps fix the date for the next conference.

The Middle East. Here, the results of the EEC's activities are less convincing. The declarations approved by the Nine in November, 1973, and July of this year have had no effect in the field. Given the total absence of political integration, the Nine have no real power and purely verbal interventions will earn them no real influence. In fact, the usefulness of these initiatives is to be found not in external relations, but in terms of cohesion between member states within the EEC.

In this connexion, it is not insignificant that the Nine, far from slavishly following the United States lead but sometimes actually showing the way (the European Council's declaration of July, 1977, was ready several weeks before the United States took up a similar position), have managed, from 1973 to 1977, to define a specific common position. Political cooperation can claim the considerable achievement of moderating extreme positions. Without it, there would probably have been more explicit evidence of pro-Arab leanings from Paris and, on the other side of the coin, more open expression of pro-Israeli sympathy in The Hague.

Africa. This continent offers new scope for political cooperation and the opportunity for common action here arises as a result of external intervention—by the Soviet Union. The Nine have much common ground in their assessment of the situation in Southern Africa. They abhor apartheid, but are even more united in their fear, which they share with the Americans, that Pretoria's stubbornness, if they themselves do not resist it, will throw the African liberation movements and the African governments supporting them into the arms of the Russians, whom they will see as their only support.

However, when analysis is left behind and it becomes a question of reacting to situations and attempting to formulate a common course of action, their united front crumbles. This is hardly surprising, since their interests are so different. Although barely started, the history of the EEC's collective relations with South Africa illustrates how difficult it is to take positive action. In July, 1977, the foreign ministers were inveighing against South African racism and juggling with the various forms of pressure which could be applied.

At the ministers' next meeting a fortnight later, the tone had changed to one of remarkable timidity. Business interests had had their say and the governments had taken fright. The return from the holidays saw another about-face, this time after protests from black Africa. Hence the approval of the code of conduct to be observed by EEC companies operating in South Africa, but it is difficult to envisage any further substantial step forward in the near future.

The United Kingdom, France and West Germany, which have considerable economic interests in South Africa, are advocating prudence. Moreover, the EEC states which have seats on the security council are pointing out that the Vorster Government's cooperation is essential if the Rhodesian and Namibian situations are to be resolved peacefully.

East-West détente, the Middle East and Africa, are the three great issues on which political cooperation has been deployed, but any assessment of its value would be incomplete if it did not take account of the bitter defeat suffered over Cyprus and the disappointing results of the European-Arab dialogue.

In Cyprus, a country associated with the EEC and the subject of a major conflict between two other associated countries, Greece and Turkey, the United Kingdom, and by extension the Nine, had specific responsibilities. They ducked these responsibilities, leaving the way clear for the Americans and the chaos that ensued.

The misadventures of the European-Arab dialogue arise out of a misunderstanding for which the two sides must bear their share of blame. Whereas the Community countries are keen to place the accent on economic cooperation, those of the Arab League, unprepared for this type of collective venture, are exclusively concerned with their dispute with Israel. This means that despite efforts at conciliation, many of which have come from the Nine, the game has been lost before it starts.

Regular contact between the diplomats of the Nine no doubt serves a useful purpose. It has helped to familiarize them with the European dimension of problems. However, a start has scarcely been made. Political cooperation will remain as light and fragile as a bubble until and unless it is given support by a Community which is moving forward, a prospect about which one cannot yet be very optimistic.

Philippe Lemaître

Israel: outpost or bridge?

Commerce best guarantor of lasting peace

A man takes a pistol from his jacket and hands it to Porter Schwarz at the reception desk in the Accadia Hotel, which stands in Herzlia-on-Sea, the most select part of Tel Aviv. Yekutiel Xiel Federmann has just come from the south of the country where he has been on business: a dangerous criminal has escaped, and Mr Federmann wants to be ready in case their paths crossed.

Xiel Federmann always goes armed. His aim is peace, the inviolability of Israel's frontiers and his business concerns. Born in 1915 in Chemnitz, he has the heart of a mongoose and the delivery of a machine-gun; he bubbles over with ideas, which he expounds with eager gesticulations. His staff have their hands full restraining his enthusiasm. Mr Federmann owns the Dan Hotel Corporation, which has luxury properties in Herzlia (Accadia), Caesarea (Golf Hotel), Tel Aviv (Dan Hotel) and Haifa (Dan Carmel). The Federmann family lives in a penthouse on top of the Dan Carmel.

Xiel Federmann runs a pvc factory. Is involved in irrigation and produces building materials—he also owns 50 per cent of a large manufacturer in Europe. He grows oranges near Tel Aviv, where he made the first oil and natural gas strikes in Israel in 1955. With the Rothschild-Edmond Geneva-Paris group, he built the first pipeline from Elat to Haifa. The turnover of Mr Federmann's businesses is about £11,000m.

His activities are not confined to Israel. In Africa the name Federmann is associated with government housing projects in Gabon, Nigeria, Ghana, Sierra Leone and the Congo. The Israeli Government supplies very practical aid in the form of loans by American and Swiss banks of up to 50 per cent of the building costs of these houses.

Mr Federmann will never tire of extending his interests. At the moment he is involved in a joint venture with an international group in precision and optical engineering. This is intended to benefit Israel in a very specific way: Mr Federmann wants to produce optical and precision instruments—needed by the Armed Forces—himself. "Our country is ringed by fire and steel", Federmann says, "we have to keep one step ahead in this field too".

Business and politics are for Mr Federmann two ways of saying the same thing. This is why he built up contacts with European investment corporations, which supplied DM 24m for new oil and gas prospecting. In two years' time the second oil strike at Ashdod should produce two million tons of oil on Israel's territory. At present Israel still relies on supplies from Iran for its annual requirement of seven million tons.

Yekutiel Xiel Federmann (Xiel is a Yiddish variant of Xavier) became Israel's most important businessman quite by chance. His qualifications for this title are, however, scarcely accidental. Before the state of Israel was founded on November 29, 1949, Mr Federmann was already organizing illegal incursions into Palestine in March 1940. He and his wife arrived there from England by troopship from Marseilles, because the British authorities refused to form a Jewish brigade to fight Hitler. In Palestine he was soon working for the Haganah, the secret service. He flew a courier service, and made many contacts in this capacity.

It was in this way that he met a high-ranking British officer at the time that British troops were making a precautionary withdrawal from Alexandria to Haifa. The British problem was the shortage of supplies, shoes, socks and uniforms. Xiel Federmann, member of the Haganah and always on the move, was the man to help. He found firms to produce uniforms, and supply shoes and socks for the British soldiers. Mr Federmann established a



depot for these rare commodities, and this was his business training.

How does Israel's most important businessman see his country's relationship with Europe? Yekutiel Xiel Federmann's reply poured out in a torrent: "Israel thought is European. Israel is a part of Europe in the Middle East. Israel's dream is a liberal democracy."

"Our goal is our recognition of our Arab neighbours. We are contributing to Europe's strength here, because the Mediterranean has become an important Russian sphere of influence, with states like Libya not merely posing a threat to the African continent, but offering a home for Russian submarines, air-bases and radar stations. The counterpoise has to be an Israeli-Arab front. This is why peace between Israel and its Arab neighbours is the burning question of the hour."

Mr Federmann openly admits that a politician cannot speak with the freedom that he can as a businessman. But what he believes is, he feels, also the opinion of Israel's politicians. He sums up his political view of Europe in a sentence: "The union of a free Europe with a free Middle East (which presupposes peace between Israel and the Arab States) would ensure the safety of African raw materials and the Middle East oil from a Russian attack."

He is prepared to be more specific. "It is quite conceivable that in the event of armed conflict between

Russia, Europe and America, brought on by Russian aggression, Israel would be included in Nato's military calculations and the state of war between Israel and the Arab states would cease overnight."

"Israel is closer than Europe to the Arab oil supplies in the Middle East. Israel's military might is probably second to West Germany's. No responsible political Nato command could—or should—overlook this. If war broke out between the Warsaw Pact countries and the European democracies, the Israeli forces would be more likely to fight alongside Iranian and Saudi Arabian forces—perhaps even Egyptian troops—than others."

But the combination of businessman and politically-committed Israeli is never far from the surface. He is certain that commerce must bring about and preserve peace in the Middle East. "We have to extend our trading relations into Arab countries. Production and trade must flourish everywhere. This would lead to social peace and political calm." And because he is a great practical man, quick to make decisions, he would rather see his dream fulfilled now than in the distant future: an Israel-Arab nuclear power station on the frontier. "This would not just be a focus for energy", Mr Federmann claims, "but a focus for peace on our border."

Hans Baumann

Trade between Europe and Israel in 1976

Israel's exports to the world	+24.6 per cent to \$2,004m
Exports to Europe	+22.5 per cent to \$887m
Imports from the world	-1.2 per cent to \$4,100m
Imports from European Community	+1.4 per cent to \$1,770m

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UP WITH STERLING

The transformation of the country's financial position in the past year has been extraordinary. Last Friday was the anniversary of the day when the pound stood lower against the dollar than at any time in its history. Yesterday the Treasury told the Bank of England to give up for the time being the attempt to stop the pound rising. Last October the Bank of England's minimum lending rate was pushed in panic to a level of 15 per cent. Today it is at 5 per cent and might be even lower, but for the strong efforts of the authorities to steady the rate of decline. Again and again in 1976 the pound appeared to be in free fall. During 1977 neither falling interest rates nor the relatively high rates of domestic inflation have served to stop the torrents of money pouring into the country.

Such a volatile change in the financial situation, heavily influenced by the rising flow of North Sea oil, is of course not matched by changes in the real economy. Indeed while no one would exchange the complex of economic policy problems we now face for those which we faced last year, the continued strength of the pound must be a source of concern for exporting

industry. The argument about the appropriate policy for the pound's exchange rate over the next year or so is finely balanced. This balance is reflected in differences of opinion between politicians of both the main parties, between economists and between officials, both in the Treasury and the Bank of England.

As we said at the time of the Chancellor's economic statement last week, events had combined to place the Government in a position where it only had three options. It could ease the upward pressure on the pound by a substantial reduction in outward exchange controls. It could continue to sell pounds to hold the rate steady, thus creating a constant problem for the control of the domestic money supply. Or it could allow the exchange rate to rise. We said then that the right solution, since continued monetary restraint is essential to the fight against inflation, was probably to combine some substantial relaxation of exchange controls with some revaluation of the pound. It is a pity that the Government has only adopted one element of that policy.

The argument in favour of allowing some appreciation in

the exchange rate is twofold. First, as the history of the past ten years has shown, the foreign exchanges have become so fluid and unstable that market forces cannot be resisted indefinitely. Secondly, an appreciating exchange rate is the basis for an increase in the real standard of living of the British people, as a consequence of the good fortune of North Sea oil. The only reason why a higher rate for the pound causes difficulty is the very low productivity of British manufacturing industry in general. It cannot be right to use an artificially low exchange rate for ever as a protection for inefficiency.

The argument in favour of a substantial easing of outward exchange controls is that as a country we should use the windfall gains of our present financial position to acquire income earning assets abroad. If, at the same time, such a policy reduces the upward pressure on the pound that is a by-product which will assist British industry as it tries to improve the general level of its competitiveness. If the upward pressure on sterling persists strongly, the Government must reconsider its decision not to proceed with a substantial relaxation of exchange controls.

CHINA REIMPOSES DISCIPLINE

Since early in the year there have been reports of executions in China. This is certainly evidence enough of the troubled state to which the country had been reduced in the decade that ended with the death of Mao Tse-tung in 1976. As to the number, no information is easily available to foreign correspondents. The facts are gathered from the lists of names posted up in cities where trials have been held—so many sentenced to immediate execution, so many to suspended death sentences, so many to prison terms. Only those foreign visitors able to read the notices—of whom there are many more than students of Chinese from abroad—scattered in the major cities—can learn what has happened. From such sources it would seem that many thousands may have been tried but that the number executed may not involve more than some hundreds.

This is the sharp end of the campaign to restore "great order" in the land. It has two aspects. One is the settlement with the radicals, those losers in the political battle some of whom may believe that the battle is not yet won by those now in charge in Peking. The other aspect is the restoration of discipline in a China fractured by disorder, where for years the ambitions of the young have been encouraged by slogans as "to rebel is justified" and where such a younger generation has been extruded from the political competition to become an underground sub-culture

forced to live by its wits. Bad elements, criminals, counter-revolutionaries—who can detect the faults behind the jargon or easily distinguish between everyday crime and the paths of political violence? As always in China the information is too sparse to compute the degree of harshness or the amount of injustice that may accompany such a campaign.

There are, however, clear Maoist standards to which the radicals should be subject. "Struggle by persuasion" has always been permissible in China though it has never been without its threat of violence or at least very strong social pressures. What was not permissible was "struggle by force". But once started in the cultural revolution—very bad in some areas, not at all in others—it has never really died down. In every institution the political factions survived the cultural revolution to confront each other. One of the worst cases was the railways where politically motivated strikes had gone so far that *Peking Daily* early this year thought it would take three to five years to restore orderly working. So in the last laps of the political race in 1976 there was violence in plenty. At least two provincial leaders suffered unexplained deaths now attributed to the gang of four. At lower levels murder, kidnapping, helped in seizures of power. The arrests made many months ago in such cases are now ending in sentences.

The hardest question to answer is how these years of dis-

order have affected the youngest generation in China, those now in their twenties or early thirties. The disbanded red guards, the millions disappointed of higher education and a career and sent to the countryside—how many are now cynical disbelievers? And at the youngest end of this generation how many more rallied to revolutionary slogans and the glorification of Mao Tse-tung only to be equally disillusioned last year? This is where the discipline is found, where the "drop-outs" of the Chinese system have to fend for themselves, where the "corruption, capitalist tendencies, bourgeois factionalism, counter-revolutionary activities" spread and are now to be brought to a halt by stiff discipline. Through so much opaque jargon it is hard to discern to what resorts this generation has been brought by the political turnabouts of the past ten years in China.

That order is the objective of the present campaign need not be doubted. Nor the need for it. If the present leadership cannot command the loyalty among the Chinese masses that the leaders of the fifties did that may make their task the harder. The one thing that they have on their side is that however tarnished the jargon that divides good and bad the Chinese have a strong preference for order. When Mr Teng Hsiao-ping says the country must get back to the facts many millions will back him in silent approval.

The morality of guerrillas

From the Reverend Richard Harries
Sir, Mr Salomon (letter, October 26) is right to worry about the means guerrillas use to pursue their ends. It is part of the tradition of Christian ethical thinking on the subject of war and revolution, going back to the great Dominican Francisco de Vitoria in the seventeenth century, that the conduct of a war as well as the cause, must be just. In modern terms this has usually meant that those not directly engaged in the war effort should be immune from direct attack.

But Mr Salomon is wrong to think that the conduct of a guerrilla campaign must inevitably be immoral. The following points are pertinent.

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The view of the British Council of Churches that a distinction can be made "between a discriminate and proportionate use of force and unrestricted violence" is quite correct. It cannot be assumed in advance that this principle will be completely disregarded however likely it is that it will sometimes be broken.

Yours faithfully,
RICHARD HARRIES,
All Saints' Vicarage,
70 Fulham High Street, SW6.

Revaluation of sterling

From Lord Kaldor, FBA
Sir, If Sir Keith Joseph is so anxious to let the pound rise, I for one would have no objection provided only that it is combined with the well proven Conservative policy of industrial protection. Let us reintroduce the 1932 Act, as interpreted by the Import Duties Advisory Committee, and have a general *ad valorem* duty on all manufactures of 20 per cent, with an additional 10 per cent on sensitive items, like chemicals, steel, cars and other engineering products.

This would kill three birds with one stone. Through the fall in the sterling prices of food and industrial materials it would stop inflation, and might even bring about a falling cost of living index. It would create a tremendous investment boom and thereby regenerate and, in the longer run, enhance the competitive power of British industry. And it would recreate full employment in a matter of a few years.

Let us not forget that in the 23 years, 1932-1955, when imports of manufactures were kept down by import duties and later by licensing, British manufacturing production increased at an average exponential rate of 4 per cent a year—despite the dislocations caused by World War II. This was a much higher growth rate than Britain ever achieved before or since.

Yours faithfully,
NICHOLAS KALDOR,
King's College,
Cambridge,
October 29.

Questioning Mr Thorpe

From Mr Bryan Morrison
Sir, You are perplexed by modern morality which finds homosexuality acceptable, yet destroys a leading politician on the basis of the allegation of a past homosexual affair, and you support your argument by morally equating adultery and homosexuality.

Modern morality finds adultery psychologically normal but morally wrong, whereas homosexuality is judged to be psychologically abnormal but morally right (on the basis that if a man has this psychological condition his indulgence of it is acceptable).

Personal morality is not the main criterion of judgment in this case. It is more a matter of trust. You would not trust an adulterer with your life, but you might with your cheque book. An Englishman does not know how far to trust a homosexual, and would prefer not to trust him with his vote.

Although this may explain the interest in the Thorpe affair, it does not explain the continuing pursuit of Mr Thorpe by the press, in my view, morally unjustifiable. I would prefer to give him the benefit of the doubt and forget about it.

Yours faithfully,
BRYAN MORRISON,
1 Dunstable Court,
St Johns Park, SE3,
October 29.

From Mr Humphry Berkeley
Sir, Until the last few days, the accusations and innuendoes which have been levelled against Mr Jeremy Thorpe have been specific, in so far as they have been concerned with his relationship with one person. His press conference was called to answer these charges. I cannot imagine that anybody (members of the Royal Family, Church leaders, past or present or possible future prime ministers) would willingly answer, truthfully, and in public, questions about his or her sexual experiences or fantasies from adolescence to middle age.

It is a reflection on our prurient and Godless society that a press conference rather than the confessional should be regarded as the proper place for such disclosures. Yours faithfully,
HUMPHRY BERKELEY,
Three Palace Yard,
Chiswick, W4.

From Mr James Collier
Sir, In your Friday coverage of the press conference given by Mr Jeremy Thorpe, there was mention of a Daily Express reporter remarking that he had given him the impression of there being more than an affectionate relationship between Mr Thorpe and Mr Scott. In spite of intense pressure from the press, I feel your report has done Mr Thorpe and me unnecessary harm and the record should be corrected.

Yours faithfully,
JAMES COLLIER,
Bibury Court Hotel,
Bibury,
Near Cirencester,
Gloucestershire.

Secret balloting

From Mr J. P. Hudson
Sir, Mr Derek Robinson, joint shop stewards' convenor at Leyland Cars' Longbridge factory, is in noble and indeed dual capacity when he declares that "we want to stick to our traditional way of voting."

Rather over a century ago the Duke of Argyll wrote to Gladstone opposing the secret ballot on the grounds that "it might succeed in counteracting some of the most legitimate influence exercised by one class over another." Lord Palmerston, speaking at Tiverton, was more forthright: "to go sneaking to the ballot box, and polling in a place of paper, looking round to see time no one could read it, is unworthy of the character of straightforward and honest Englishmen."

Yours faithfully,
J. P. HUDSON,
56 Northchurch Road,
Islington, N1.

Imposing sanctions on South Africa

From Professor A. R. C. de Crespigny
Sir, If I may speak bluntly, your distinguished newspaper's approach to the problems of South African politics is far from satisfactory, since it appears to neglect basic facts necessary for any adequate appraisal. Let me list a few of them.

1. The effect of foreign pressure has been to strengthen the position of the National Party and the more powerful this party will become. Indeed, a not improbable consequence of intensified pressure will be the establishment of a one party regime.

2. The best way to seek to influence South African policy is through carrots rather than sticks, incentives rather than constraints. The coercion of Nationalist Afrikaners is virtually certain to have an effect the reverse of that which is intended.

3. The Afrikaners are right in supposing that black rule would be incompatible with the adequate protection of many of their vital cultural and material interests. And if this is so, who can reasonably deny them a right to protect these interests and to limit their right to do anything they please but a right nevertheless?

4. The real choice before South Africa lies not between "white minority rule" and "black majority rule" but between one form of minority rule or another. "Black majority rule" in any substantial sense is, in the Republic, a spurious alternative.

Yours faithfully,
A. R. C. DE CRESPIGNY,
Professor of Political Science,
University of Cape Town,
8 Phillimore Gardens, W8.

From Mr Edward Millard

Sir, Dr Owen is unlikely to press for a ban on trade with South Africa because of the repercussions this would have on employment in Britain and no doubt his Cabinet colleagues have reminded him of this. The consequences of such short term thinking are to prejudice our chances for future success. The balance of power will be tipped in favour of those who will prosper, and who could become large trading partners with Britain long after the inevitable demise of the apartheid system in South Africa.

The fact is that this attitude of the British Government is defensible neither on moral nor economic nor political grounds. Several important African leaders have recognised publicly the relevance of Rabin's attitude to the taking of meaningful action in support of his utterances against apartheid, and this is one part of the reason for the increase in standing which the Soviet Union has gained in Africa over the last decade. The British Government is in a weak position because it has failed to pave the way for radical action.

Invitation to Mr Begin

From Mr Said Hammami
Sir, Sixty years ago, without warning or even consulting the Palestinians, the British Government published the Balfour Declaration. With that document, the British lit the fuse for the Palestine tragedy. Thirty years ago, Menachem Begin, then leader of the underground Irgun Zvai Leumi, was working hard to precipitate the final explosion as a result of which the Palestinians were dispossessed of our ancestral homeland.

In a few weeks' time that same Begin is to visit this country as the guest of a different British Government. I know it is different because its leader, Prime Minister James Callaghan, in a speech reassuring his Jewish audience about Britain's concern for the security of Israel, said on October 23: "But we have always been concerned too about the appalling human problems of those who lost their homes and their livelihood during various stages of the Arab-Israeli dispute. Unless we accept and understand their sense of grievance, we will never achieve a peace that is acceptable or lasting."

May I say, as a Palestinian, how warmly I welcome Mr Callaghan's remarks. May I add that an acceptable and lasting peace could be achieved through a complete Israeli withdrawal from the occupied Arab territories and the

Religion and the young

From Bishop F. H. West
Sir, Mrs Shirley Williams, according to your report (October 26) on her latest reflections on religious education in maintained schools, has noticed what she describes as "a recrudescence of fundamentalism among the young." In my visits to schools in Somerset and part of Avon I have been noting a great change in the attitude of young people towards religion over the past five years.

In the 1960s it was difficult to get the average teen forum to take the subject seriously. When confronted with a class I detected a certain amount of supercilious amusement in their attitude towards me. In their eyes I personally, and the faith I represented, seemed to lack credibility. If there were believing Christians among them, they kept very silent.

In one corner of the room there is usually a minority of highly articulate young Christians, significantly and regrettably, to my mind, grouped together, whose enthusiasm often reduces the rest to silence.

I can recall one occasion when a distinguished theologian and I jointly chaired a debate on Religion and Science. All the questions addressed to us were on the ethical and religious implications of technological advance. We can all draw our own conclusions from the change that has taken place.

At any rate, RE teachers do not have to create interest in religion. It exists along with a tendency towards all kinds of fancy religions, some of them harmful. The situation requires firm sympathetic, informal and wise handling. But the point I really want to make is that if ever RE were to

It should for a long time now have been condemning and exposing apartheid to the British people, explaining how British trade, and the involvement of British companies in South Africa, is boosting their economy to the further detriment of the black population; and it should have been arranging, in consultation with trade unions, schemes to cushion the adverse effect on employment in Britain.

If the Government does not prepare its case, it will of course find people less willing to accept, when their own jobs and family responsibilities are at stake. But to go on ignoring the means at its disposal to weaken the South African regime economically and to isolate it politically is to run away from another harsh fact of the real world: "to use Dr Owen's words, namely, that the South African Government wants to oppress and exploit its black population and will continue to do so for as long as it can."

EDWARD MILLARD,
125 Grove Road,
Rayleigh, Essex.

From Wing Commander S. John Peskett

Sir, Now that we are going seriously into the sanctions business and telling the Rhodesians and South Africans how to run their countries, could we not extend our activities to a few other governments who might be said to qualify for our reproaches?

Our record on sanctions is not very good though we were at one time fairly good at repression. I am old enough to remember that our sanctions at the time of Mussolini's invasion of Abyssinia were rather half-hearted but we did quite well on repression in India. However, since we are determined to go on this crusade, why do we not start with sanctions on all countries which harbour hijackers? This form of terrorism is a threat to the whole world.

I find myself at a loss to understand the vehemence we bring to proposed sanctions against Rhodesia and South Africa when we ignored what went on in Cambodia. We also ignore Uganda and other African states which are far greater centres of terror and repression than Rhodesia and South Africa. Then there are the various Communist countries whose governments meet with our disapproval. I see no sign of sanctions there.

By all means let us do what we can to ameliorate the lot of the black man in Africa, but we are not going to do it by the destruction of the economy of two prosperous countries. The only result in ruin for whites and blacks. I am, Sir, yours faithfully,
S. JOHN PESKETT,
Westwell House,
Tenterden,
Kent.

establishment of a Palestinian state on the West Bank and the Gaza Strip. In the eyes of the world community such a solution is just and possible especially since President Carter spoke of the need to establish a Palestinian homeland. And it was expressed again by Mr Callaghan in the speech from which I have quoted in which he went on to say: "There is no prospect of a lasting peace coming about in the Middle East unless the Palestinian problem is solved. We believe the way to solve it is by setting up a homeland of some kind for the Palestinian Arabs."

Of course we Palestinians have bitter feeling about the British Government's decision to invite Mr Begin to visit this country. We fear that this official invitation will encourage those in Israel who share Mr Begin's determination not to withdraw from the Palestinian territory nor to recognise the Palestinian people's rights. I hope Mr Callaghan's courage and sense of justice will impress on Mr Begin the need for a settlement along the line already indicated by Britain's Prime Minister.

Sincerely yours,
S. HAMMAMI,
Representative,
Palestine Liberation Organization,
London Office,
52 Green Street, W1,
October 27.

Protecting North Devon

From Mr F. J. Brayley
Sir, I have farmed this land for 57 years. The Transport Minister should let me take him to the steep hillside below my thatched farmhouse to look down the narrow valley where his huge road will go, if rumour hereabouts is true. He will see B21 already climbing out of that valley.

I will take him across Mazard Tree Lane to another of my fields above where his road will cut into the hillside from Five Crossways. He will see the traffic moving on A361.

Then we will climb to my top field west of the church and the lane along the ridge cross and lean on my neighbour's gate. He will see the traffic on A373 on the far hill.

Three main roads, yet he wants to squeeze another in, and wherever it goes there is hardly a spot where it won't be seen, making our hill country like the outskirts of a city. I say nothing about the loss of land for sheep and crops. Yours faithfully,
F. J. BRAYLEY,
Peachey Farm,
Ash Mill,
South Molton,
North Devon.

Hanging Turner's paintings

From the President of the Royal Academy
Sir, I hesitate to prolong still further the tie-for-tie controversy over Somerset House but wish, if I may, to comment briefly upon the Tate Trustees' press statement which was the subject of your leading article (October 28).

It is splendid to hear at last the squeak of rusty hinges from Millbank, to learn that shortly there will be a series of Turner watercolours on show (as in 1928) and that in the future if funds permit—(ah those familiar reservations!)—some of the hundred or more Turner oils now in store may one day be placed on view in the temporarily converted wards of the disused Military Hospital nearby.

But the stone in this particular fruit is hard indeed. It is still apparently the opinion of the Trustees and their advisers that, despite the recent improvements, either already achieved or offered by DOE, the physical conditions in the recently restored rooms of Somerset House fail to reach the standards necessary in their view for the safe and proper display of Turner's work—and by implication therefore of any other first class painting.

If this rigorous policy (luckily not shared by the generous lenders to the recent London/Thames Exhibition) is seriously to be pursued, or imitated by other lenders, it is dispiriting news not only for Somerset House, whose beautifully restored rooms are doomed to be left either bare or a background to the second rate, not only for us at Burlington House—where we still open the windows when it is hot (as they do at Windsor Castle) and close them when it is cold—but for scores of similarly old fashioned provincial museums and galleries who will presumably be denied the privilege of national loans unless they spend a fortune on experts, air conditioning and humidification.

If the original ideas of the Turner Society now seem perhaps over optimistic, the more modest proposals put forward in your columns (October 18) by Henry Moore, Lord Clark and others (and which Lady Birk said DOE would facilitate) are "sewing" an exhibition of Turner's oils and watercolours chosen from those now in store does not seem unreasonable. True it can be described as "dispersal". But dispersal to a place these works can be seen rather than to a place where they cannot, is surely to be welcomed.

The top floor of Somerset House stands splendidly, ready, and empty. It must not remain so. Yours faithfully,
HUGH CASSON,
Royal Academy of Arts,
Piccadilly, W1,
October 31.

Mapping buried history

From Mrs E. V. W. Proudfoot
Sir, The current programme of re-organization of the Ordnance Survey is to result in further curtailment of the Archaeological Branch and its vital role in archaeological research in this country. Scotland will feel this additional withdrawal of services most keenly, since no other agency here undertakes this particular work of locating, surveying, classifying, sites and publishing them on maps, while maintaining a supportive card index of new, known, visible and destroyed sites.

Maintenance of the card index is to be at secondary level, yet this card index, requiring frequent updating, holds a wealth of information, a basic tool for any archaeological research. All who have used the Ordnance Survey cards are impressed by the detail contained, both in respect of field investigations over the years and in respect of supportive documentary research.

The Basic Scale Field Programme, started in 1947 and due to be finished in 1980, is to be stopped only months from completion. Sites are to be noted on maps, by non-archaeological surveyors, only if they see them. Many sites visible and clear to the trained eye will simply pass unnoticed under this system. Already experimental changes in information gathering have proved unsuitable, since not all regions are either equipped or motivated to provide such information. The information flow must be to the regions from a strong central Scottish department.

At a time when our way of life is increasingly destructive of our archaeological environment, the Ordnance Survey should be strengthened, not reduced. If as many sites as possible are not noted on maps, planners and developers cannot be expected to know of their existence. Such mapping is a national, rather than a regional responsibility. There is therefore a strong case for maintaining and strengthening the Ordnance Survey Archaeological Branch for Scotland, in Edinburgh, since at present they alone have the facilities and trained personnel to continue such site recording. Yours faithfully,
EDWINA V. W. PROUDFOOT,
Westgate,
Wardlaw Gardens,
St Andrews,
Fife,
October 26.

Napoleon's last doctor

From Colonel E. W. Oxenford
Sir, In today's issue of *The Times* (October 27) on page 7 under "Death notes on Napoleon sold in Paris", Dr Archibald Arnott is described as "RN". He was in fact surgeon of the XXth Regt who were at that time stationed in St Helena. He held all the clasps of the Peninsular Medal for actions in which the XXth were engaged. I will gladly supply details of this officer's service. I am, Sir, Your obedient servant,
E. W. OXENFORD,
Lieut-Col XXth The Lancashire Fusiliers (Retd),
Cool Bawn,
Thurlestone,
Kingsbridge,
South Devon,
October 27.

Private prosecutions

From Mr Raymond Blackburn
Sir, I regret that Mr Bennion has thought fit to attack me (letter October 21). Where there is widespread illegality involving social evils the rule of law is undermined and the cause of freedom which it protects and serves is imperilled. Thus in my first main case against the then Commissioner of Police Lord Justice Salmon, now Lord Salmon, said of the gaming laws "Regrettably they have not been properly enforced for an immense gaming industry, particularly in London, has been allowed to grow up during the last seven years. This has inevitably brought grave social evils in its train—protection rackets, crimes of violence and widespread corruption." (1968 2 W.L.R.) para 905. The same thing happened with porn.

The right of private prosecution is a long and toady is now being weakened by the very high legal costs involved—so much so that one wonders why attention is paid to it. But it is part of the essential freedoms of the citizen. I do not criticise Mr Bennion because his actions delighted the supporters of a repressive regime. I assumed his loyalty to be to the rule of law. That is what matters. If Parliament launches rackets I should accept its decision but I do not believe that in the long run the existing trend in that direction will be successful. Yours faithfully,
RAYMOND BLACKBURN,
50 Homfield Road,
Chiswick, W4.

Stopping hijackers

From Mr C. E. C. Dickens
Sir, The eminent Professor (letters, October 28) who so obviously enjoyed demolishing my suggestion (letters, October 22) mistakes me. When writing to *The Times* it is, I suggest, a fair bet that every word said will be carefully weighed: therefore when I said "sleep" I did not mean "anaesthesia". Indeed there would have been no point in writing if that had been what I meant because of course one knows there are such gases and even a layman has some idea of the dangers involved in anaesthesia. Having said that, I will admit to using the word sleep euphemistically. The gases I had in mind were the so-called nerve gases more likely to emanate from one of our defence establishments than from a school of medicine, however distinguished. If there is one, for instance, which makes people "pleasantly happy" it might do very well.

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Yours faithfully,
RICHARD HARRIES,
All Saints' Vicarage,
70 Fulham High Street, SW6.

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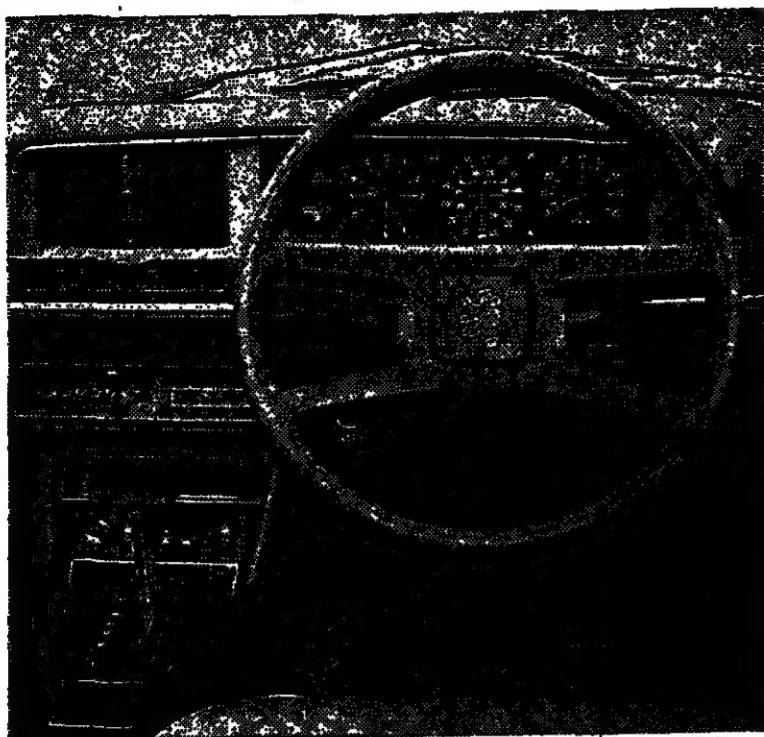
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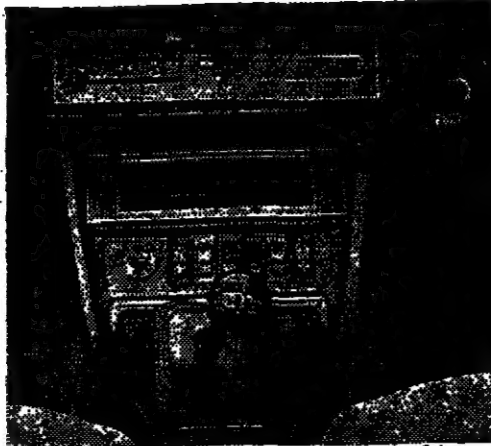
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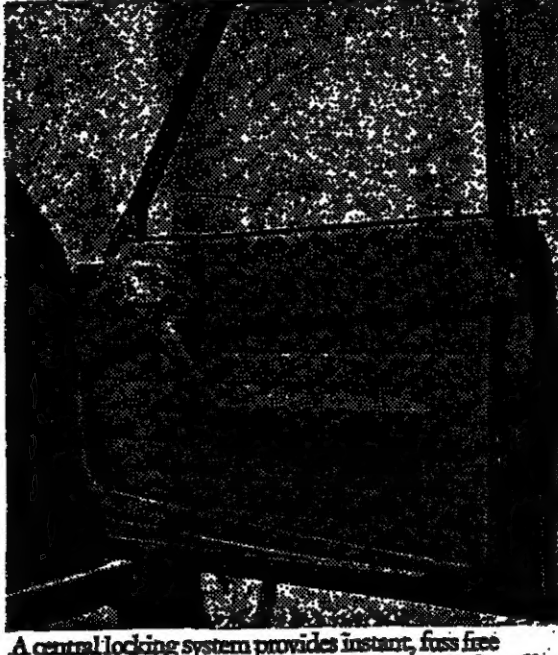
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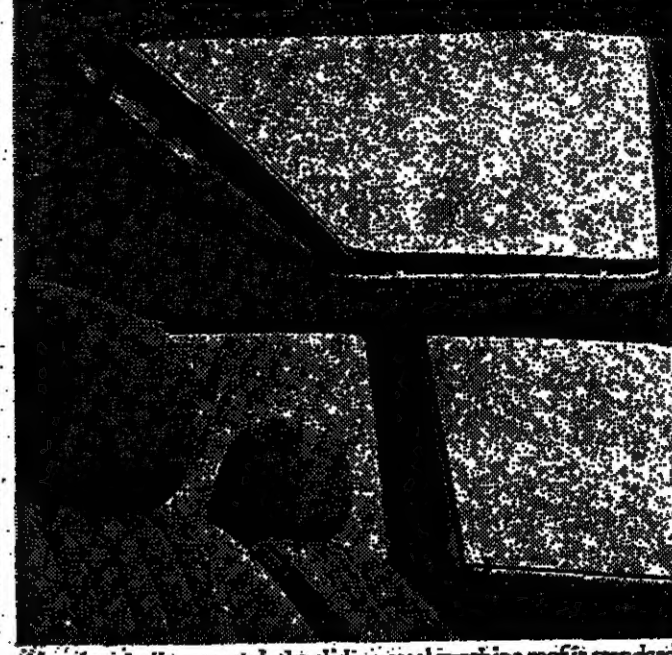
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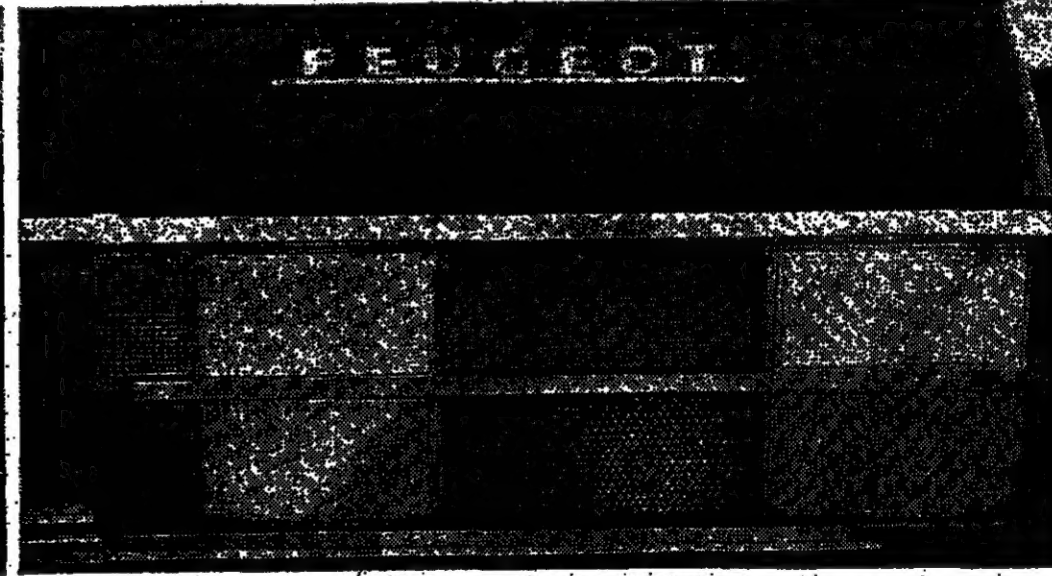
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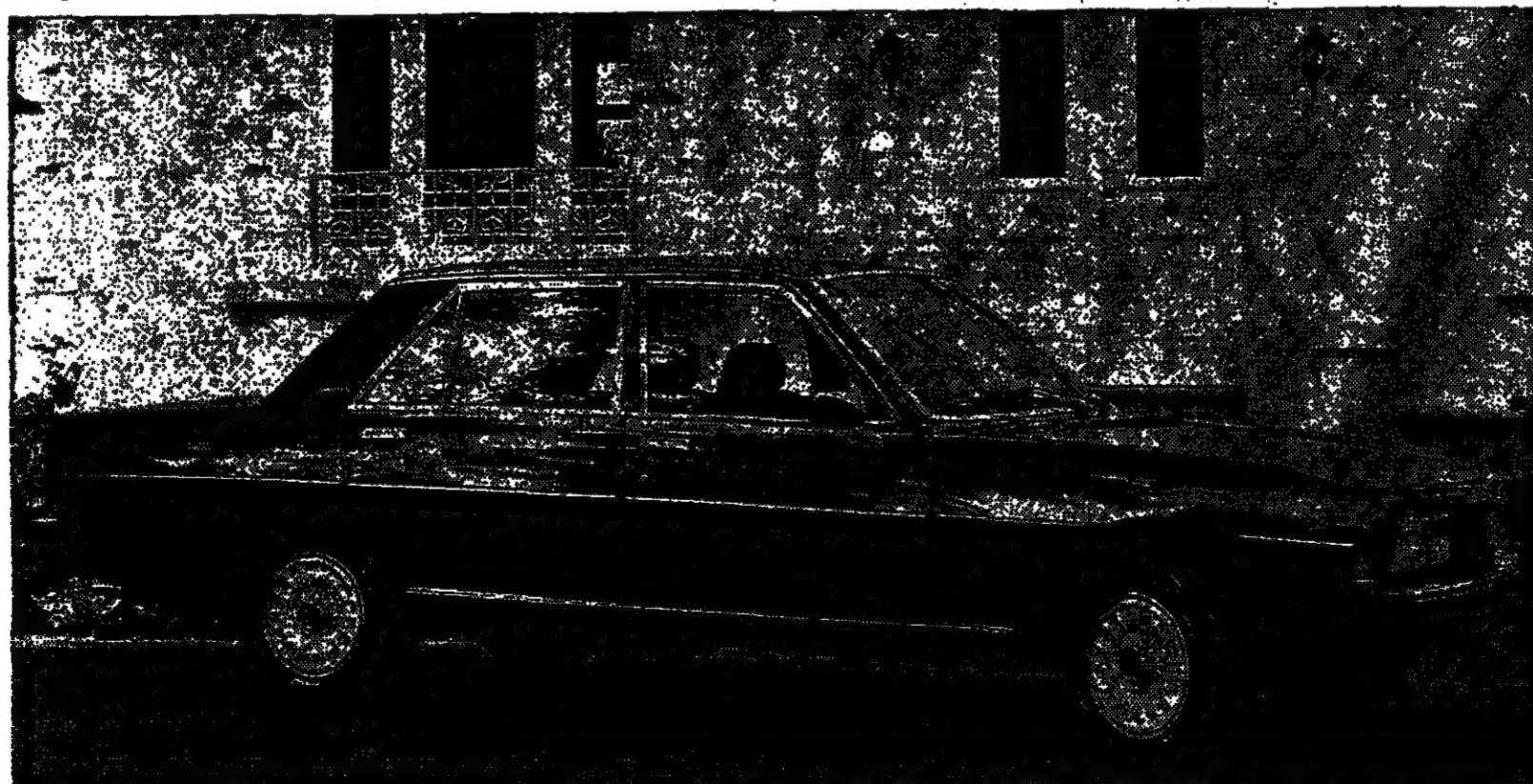
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